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FINANCIAL TIMES

Europe's Business Newspaper — WEDNESDAY JANUARY 19 1994 — D8523A

Inman quits as US defence nominee

Former admiral's withdrawal a severe blow to Clinton

By George Graham in Washington

Another key appointment by US president Bill Clinton crashed dramatically yesterday when Mr Bobby Ray Inman, the former admiral he picked to take over as defence secretary, withdrew his nomination.

Mr Inman, a former intelligence officer, said he could not stand the "distortions of my record, my character and my reputation" involved in winning confirmation from the Senate. He blamed Senator Robert Dole, the leader of the opposition Republicans in the Senate, who he claimed had "directed a partisan response to my nomination".

The withdrawal is a crushing blow for Mr Clinton, who had hoped to improve his administration's decision making structure in replacing Mr Les Aspin, the intellectual former congressman who is due to step down as defence secretary tomorrow.

Now Mr Clinton must not only start again to search for a defence secretary, but will also face questions about his enthusiasm in picking an apparently thin-skinned and self-centred man for the Pentagon.

Mr Clinton has had many setbacks with his appointments, the most damaging being the Nannygate controversy over Ms Zoe Baird, his choice to be attorney-general, who had employed an illegal alien as a nanny and failed to pay the appropriate taxes.

In an extraordinary press conference yesterday in his home town of Austin, Texas, Mr Inman claimed he had heard of a deal between Mr Dole and Mr William Safire, the New York Times columnist, for Mr Dole to mount an attack on Mr Inman. Mr Safire would return the favour by focusing on the Whitewater financial imbroglio surrounding the Clintons, for which the president last week requested the appointment of an independent counsel.

"Whether it's true or not, I believed it was true on the 6th [of January] and that's the day I made up my mind that I don't need this," Mr Inman said. He also delivered a long justification of his financial relationship with his housekeeper, on whose pay he had not made the required social security and tax payments.

The retired admiral had already raised eyebrows with his performance at the White House ceremony last month to announce his nomination. There, he announced that he had voted for then president George Bush in the 1992 election, and gave the impression that he had interviewed Mr Clinton for the job rather than vice versa.

Senator John McCain, a Republican member of the armed services committee, which would have conducted Mr Inman's confirmation hearings, said all his Republican colleagues on the committee had supported the nomination.

Mr Inman's business career after he left the Central Intelligence Agency in 1982 would have been examined. He had to resign from his Westmark Systems business after the failure of its leveraged buyout of Tracor Holdings, a defence contractor.

He also served on the proxy board set up to preserve the US military secrets handled by International Signal and Control, Ferranti's ill-starred US acquisition, and vouched for Mr James Guerin, its former head, who is serving a 15-year prison term for fraud.

Currency falls 7.3% and inflation rises as political struggle intensifies in Moscow

Russian economy rocks as rouble sinks

By John Lloyd in Moscow

The frail Russian economy tottered yesterday as its currency plunged 7.3 per cent, inflation turned upward and a struggle over the membership and the policies of the new government intensified.

On Moscow's interbank currency exchange the rouble, which has slid 25 per cent this month, traded at Rbs1,504 to the dollar, down Rbs102 from Monday. On the streets the US currency was changing hands at up to Rbs1,700 as queues formed at exchange offices.

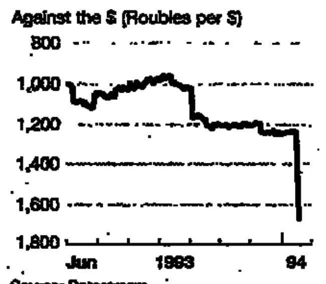
The inflation rate reached 12 per cent for the first two weeks of January alone, it emerged, on course for more than 20 per cent for the whole of this month after a much trumpeted fall to a monthly 12 per cent in December.

Mr Boris Fyodorov, the most prominent liberal cabinet member whose fate is still unknown, refused the finance minister post after it was offered to him without the rank of deputy premier which he presently holds. He sent a stinging letter to President Boris Yeltsin accusing prime minister Mr Viktor Chernomyrdin's government of "sliding into communism" and saying he would not "act as a veil for its policies".

He repeated that he would not serve while Mr Viktor Geraschenko remained chairman of the central bank or Mr Alexander Zaveryukha, a deputy premier and member of the pro-communist Agrarian party, was confirmed in his post. He also demanded guarantees that reform would continue.

Rouble

Against the $ (Roubles per $)



Source: Datastream

Mr Yeltsin was locked for most of the day in a meeting with Mr Chernomyrdin described by his press secretary as "not easy". Unconfirmed reports on the radio station Ekho Moskvy said Mr Yeltsin had proposed replacing Mr Geraschenko, presumably to clear the way for Mr Fyodorov to remain in government, possibly as first deputy prime minister the post vacated by Mr Yegor Gaidar, the leading economic reformer who resigned at the weekend.

Mr Alexander Shokhin, an original member of the radical Gaidar team who has moved to take a moderate position, told reporters yesterday at the State Duma, the lower house of parliament, he had been offered the post of economics minister or of minister for the Commonwealth of Independent States, and was considering the offers.

Mutual recriminations are now flying among the leading members of the Russia's Choice party, headed by Mr Gaidar, following the defection of Mr Fyodorov and Mr Andrei Makarov to the Union of December 12. This was formed after the parliamentary election by liberal independent deputies headed by Mrs Irina Khakamada. Mr Sergei Yushenkov, a senior member of Russia's Choice, said that Mr Fyodorov's move "raised ethical questions" since he was elected last month on the Russia's Choice ticket. Mr SergeiBaburin, a leading nationalist deputy, said that "Gaidar's departure will complete the transition of Russia's Choice from government to opposition".

Muscovites line up in the snow to change roubles for dollars at a mobile exchange office — Reuter

Russia stays in Baltics, Page 2

Chrysler doubles quarterly earnings

By Martin Dickson in New York

Chrysler, the US car manufacturer enjoying strong market share growth following a succession of popular new products, yesterday reported it had more than doubled fourth-quarter earnings, a result well ahead of Wall Street expectations.

The smallest of Detroit's Big Three manufacturers, which is the first to report year-end figures, had net earnings of $777m, or $2.11 a share, compared with $356m, or $1.12 a share, in the same period of 1992.

Sales and revenues for the quarter totalled $12bn, up from $10.2bn in 1992.

The mean Wall Street forecast was for earnings per share of about $1.60. Chrysler shares rose $1.25 in morning trading to $63.

The results underscore Chrysler's remarkable recovery since the early 1990s, when it was financially stretched, losing market share and entering a recession, with its shares hovering at little more than $10.

The turnaround follows tight control of costs, more efficient methods of developing new products and a range of popular new vehicles, including the Jeep Grand Cherokee and the LH

Continued on Page 12
Motown's upbeat sounds, Page 11
World stocks, Section II

Japan Airlines to cut 5,000 jobs and halve investment

Japan Airlines, Japan's largest airline which is struggling to return to profitability, is reducing its workforce by about 5,000 people over four years and slashing investment in the period to about half of what it had planned.

JAL, which last year reported a Y54.9bn ($508m) pre-tax loss, said it was presenting unions with a plan to cut its workforce of almost 22,000 people to 17,000 by the end of fiscal 1997 and would cut capital expenditure to Y440bn from a planned Y840bn in the next four years. Page 13

Bundesbank firm on interest rate policy: Germanys's Bundesbank rejected calls for a more aggressive policy of interest rate cuts to promote economic recovery, insisting that its money supply target for 1994 left ample room for growth. Page 2

Iran-Contra report: Former US President Ronald Reagan "knowingly participated or at least acquiesced in" a cover-up after the Iran-Contra conspiracy came to light, but there was no credible evidence that he violated any criminal statute, an independent report has found. Page 4

Japan opens up public bidding: Japan has acted to open up its bidding system for public works projects and to improve access for foreign contractors in a move expected to help avert US sanctions. Page 12

Christian Democrats split: Italy's scandal-scarred Christian Democrats, facing oblivion in landmark March elections, split when dissidents walked out to form their own party. Page 2

Volvo management election: Shareholders will elect a chairman and board to pick up the pieces left after Volvo tore up a plan to merge with France's Renault, prompting the resignation of chairman Pehr Gyllenhammar. Page 13

Elf-Aquitaine, French oil group which is soon to be privatised, announced a sharp drop in net profits last year to FFr1.1bn ($186.4m) from FFr6.2bn in 1992. Page 13; Lex, Page 12

Syria disappointed: Syria said Israel's reaction to Sunday's summit meeting between President Hafez al-Assad and US President Bill Clinton cast doubt on its willingness to make peace. Page 3

South Korea streamlines industry: South Korea's 30 largest conglomerates selected their main business sectors to receive funding benefits under government policy to reduce the size of the sprawling business groups. Page 3

Malaysian aid/arms link claimed: Written evidence suggesting the government of former UK prime minister Margaret Thatcher linked a huge aid package to Malaysia with the sale of British arms has been unearthed in Whitehall. Page 5; Malaysians bemused by aid row, Page 3

EC takes Italy to court: The European Commission has opened a European Court case against Rome for failing to change discriminatory stock exchange rules which force foreign stockbrokers to set up special offices in Italy. Page 12

Japanese arrests: Public prosecutors stepped up a purge against political bribery in the construction industry by arresting two executives of Obayashi, Japan's fourth largest contractor. Page 3

Gas deal fails: A L2,000bn ($1.2bn) plan by an Italo-Japanese-Russian consortium to develop Iran's South Pars gas field has fallen through because Sace, the Italian export credit guarantee organisation, has refused to cover the deal. Page 4

First 50-year Eurobond issued: British Gas issued the first 50-year Eurosterling bond, taking advantage of low long-term UK interest rates. Page 13; Lex, Page 12

Lockheed, US aerospace group, said UK companies would make up to 15 per cent of its proposed new version of the veteran Hercules transport aircraft, as part of its campaign to secure a Royal Air Force order for 30 aircraft. Page 5

Recession-linked failures hit Japan: Japanese corporate failures fell in number last year, but collapses specifically linked to the recession hit a record high, credit research agency Teikoku Databank said. Page 3

US copper drive: US copper producers are hoping for the removal of tariff barriers that have allowed Japan to build up one of the world's strongest copper smelting and refining industries, even though it has no copper mines. Page 4

Neo-Nazis sentenced: Two neo-Nazi skinheads were given stiff prison sentences in Germany for beating a US Olympic athlete in an attack with racist overtones. The sentences were greeted with approval by politicians and newspapers.

STOCK MARKET INDICES

FT-SE 100:	3,437.0	(+29.2)
Yield	3.43	
FT-SE Eurotrack 100	1,479.03	(+4.96)
FT-SE-A All-Share	1,715.63	(+1.0%)
Nikkei	18,514.55	(-210.82)
New York: lunchtime		
Dow Jones Ind Ave	3,876.2	(+5.91)
S&P Composite	474.66	(+1.36)

US LUNCHTIME RATES

Federal Funds:	3⅛%	(closed)
3-mo Treas Bills: Yld	3.012%	(closed)
Long Bond	99⅝	(closed)
Yield	6.271%	(closed)

LONDON MONEY

3-mo Interbank	5 7/16%	(same)
Liffe long gilt future:	Mar 119 1/32	(Mar 118 7/32)

NORTH SEA OIL (Argus)

Brent 15-day (Mar)	$13.855	(14.13)

Gold

New York Comex (Feb)	$393.6	(392.2)
London	$391.25	(392.5)

STERLING

New York lunchtime:		
$	1.4965	
London:		
$	1.4972	(1.4918)
DM	2.618	(2.6184)
FFr	8.8819	(8.8827)
SFr	2.1962	(2.2085)
Y	165.809	(165.704)
£ Index	82.9	(82.7)

DOLLAR

New York lunchtime:		
DM	1.74665	
FFr	5.9325	
SFr	1.464	
Y	110.735	
London:		
DM	1.7487	(1.7553)
FFr	5.9325	(5.9545)
SFr	1.4669	(1.4805)
Y	110.75	(111.06)
$ Index	67.4	(67.6)

Tokyo close Y 111.05

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00		
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30		
Bulgaria	Lw25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50		
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00		
Czech Rp	CZK50	Israel	Shk8.90	Norway	NKr17.00	Spain	Pta225		
Denmark	DKr18	Italy	L3000	Oman	OR1.50	Sweden	SKr18		
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.50		
Finland	FM14	Jordan	JD1.50	Philippines	Pes50	Syria	S£50.00		
France	FFr9.00	Kuwait	Fils625	Poland	Zl 32,000	Tunisia	Din1.500		
Germany	DM3.50	Lebanon	US$1.50	Portugal	Es225	Turkey	L10000		
						UAE	Dh12.00		

Disruption and fear amid LA aftershocks

By Louise Kehoe in Los Angeles

It was not the "Big One" that California had been dreading – but that was no comfort to the thousands of Los Angelenos who spent Monday night in the tent cities that sprung up in parks and open areas of the San Fernando Valley, to the north-west of the city.

For many yesterday, going home was not an option. At least 1,000 buildings are believed to have been structurally damaged, making them uninhabitable. In thousands more, interiors have been wrecked, with furniture smashed and belongings scattered.

Although basic services have been restored to some areas, about 300,000 homes are without electricity and 100,000 have no running water. Throughout the city, orders to boil drinking water remain in force.

Telephones which went dead after the initial quake are working again in most parts of the city, but services are limited, with local calls especially difficult, adding to the problems for troubled residents.

Continued on Page 12
Economic aftershock, Page 4

Viacom raises bid for Paramount

By Martin Dickson in New York

Viacom, the cable television company, yesterday kept alive its hopes of winning the tortuous $10bn takeover battle for film group Paramount Communications by slightly raising the cash in its bid and significantly improving the package of securities being offered to shareholders.

Analysts said the complex new bid did not appear to be a knockout blow but kept Viacom in contention with rival bidder QVC Network.

The new terms came four days before the close of the current tender offers from the two bidders. If Viacom had not raised its bid it would have risked QVC gaining over 50 per cent of Paramount's shares in the tender offer, because until yesterday morning analysts valued QVC's bid at around $10.1bn and Viacom's at around $9.3bn.

Viacom claimed its new bid was worth $10.5bn and said the offer was "at the highest level that it believes would be in the interests" of its shareholders and those of Paramount or Blockbuster Entertainment. Blockbuster agreed earlier this month to merge with Viacom.

Analysts said it was hard to place a precise value on the new package. "But this clearly makes the Viacom bid competitive with QVC, if not downright better," said Mr Frederick Moran of Salomon Brothers.

The board of Paramount, which has been recommending QVC's bid to shareholders, said it would meet later this week to consider the new Viacom offer.

Viacom has increased from $105 a share to $107 the amount of cash it is offering for 50.1 per cent of Paramount's stock. That compares with $92 a share on the table from QVC.

It also improved the package of securities on offer for the remaining 49.9 per cent. The main elements of the offer are unchanged: 0.93065 of a share of Viacom's non-voting class B stock, which has fallen sharply in market value during the bid and stood yesterday at $38, down $1¼, and 0.30408 of a share of preferred stock for each Paramount share.

However, Viacom placed a floor of $48 a share under its B shares by offering Paramount stockholders so-called contingent value rights (CVR). These would give investors the right to receive, on the first anniversary of a Paramount-Viacom merger, the amount of cash – up to $10 a share – by which the B shares traded below $48.

Viacom also sweetened the bid by offering warrants to acquire Viacom B shares at an exercise price of $60, at any time up to the third anniversary of the merger.

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Bundesbank firm on interest rate policy

By Quentin Peel in Bonn

The German Bundesbank yesterday rejected calls for a more aggressive policy of interest rate cuts to promote economic recovery, insisting that its money supply target for 1994 would leave ample room for growth.

The central bank also ruled out any early move to a European Union-wide system of monetary targeting as both premature and unjustified.

In its latest monthly report, the Bundesbank spelt out in detail the reasoning behind its new target "corridor" for money supply, which sets the growth of the broad M3 measure of money supply at 4-6 per cent this year, compared with 4.5-6.5 per cent in 1993.

As usual, the report was scrupulously careful not to give any indication of the bank's likely decision on interest rates at its next fortnightly meeting, which takes place in Frankfurt tomorrow.

"The Bundesbank will continue to explore carefully its room for manoeuvre in interest rate policy, resulting from the development of money supply and the whole economic environment," it said.

It flatly rejected both "a forced policy of interest rate cuts to revive the economy" and "any attempt to solve the German economy's problems through a devaluation of the D-Mark, caused by interest rate cuts".

The bank's analysis concludes that the extraordinary factors which caused money supply to grow well outside its target corridor for the past two years have now been largely left behind. Thus the chances of keeping within the 1994 guidelines are much improved.

Those special factors included the effects of German unification, the large-scale interventions by European central banks on the currency markets, the inverse interest rate structure with long-term rates below short-term, and the introduction of a German withholding tax on investment income.

"The long-term relationship between money supply and the movement of prices still exists in Germany, in spite of the problems of unification," it said. The M3 measure of money supply, including short-term deposits and savings accounts as well as current accounts and cash in circulation, remained the best guide for a policy of monetary stability, rather than the alternative of interest rates and the interest rate structure.

The tighter money supply target for 1994 should not be seen as a signal for a more restrictive monetary policy, the report said. It reflected rather a lower forecast for the growth of the production potential of the German economy this year – down from 3 per cent in 1993 to 2.5 per cent.

The target is also based on a "price norm" of 2 per cent inflation, underlining the bank's determination to maintain its medium-term measure for monetary stability. Inflation in east Germany, which has reflected a series of "administered" price increases in housing rents and other charges, would come much closer to west German inflation this year, it said.

On the question of a EU-wide money supply target, coinciding with the start of phase two of European economic and monetary union on January 1, the bank said it would "lack any firm foundation."

Greek Culture Minister Melina Mercouri announcing yesterday moves to investigate whether former conservative prime minister Mr Constantine Mitsotakis had illegally acquired some items in his huge private antiquities collection. She said archaeologists believed the items had been stolen from graves on Crete Reuter

Bonn unveils its plan to open up labour market

By Quentin Peel

Germany's governing coalition yesterday unveiled a far-reaching programme of measures intended to deregulate the labour market, promote new businesses and stem the rising tide of unmployment.

Key measures include the legalisation of private employment agencies to end the state monopoly on job placing, special inducements for long-term unemployed to take seasonal jobs or low-paid work in the community, and moves to promote more part-time work in both state and private sectors.

At the same time, the government plans to cut the wages paid to workers on so-called job creation schemes, where thousands who would otherwise have been unemployed (especially in east Germany) have been kept in their factories with state subsidies. In future they will only get 80 per cent of their former wages.

The plan was instantly attacked by the opposition Social Democratic party as a dangerous initiative to create different classes of labour: the qualified, unqualified, and the long-term unemployed.

Only on promoting more part-time working do both sides of the political establishment apparently agree.

The programme was approved yesterday by leaders of the three partners in Chancellor Helmut Kohl's government, along with a new package of budget cuts, totalling DM5bn ($2.9bn), intended to keep the 1994 government deficit below DM70bn.

Key measures in the 30-point programme, drawn up by the Economics Ministry, include better start-up incentives for small-time entrepreneurs, among them low-interest rate loans from the state's Bank for Reconstruction.

There will also be special measures to encourage the unemployed to set themselves up as self-employed, guaranteeing them a transitional period of six months' unemployment benefit while they do so.

Similar incentives will be introduced to encourage the long-term unemployed to take seasonal jobs, by allowing them to keep part of their unemployment benefit, or to take jobs serving their local communities.

The thinking behind the government proposal is to create greater flexibility and mobility in finding jobs for workers. However trade unions and the SPD are bitterly opposed, on the grounds that private agencies will cream off the best jobs and workers, leaving the rest to compete in a second-class state-run labour market.

The government plan also aims to clamp down on illegal employers of cheap foreign workers, above all in the construction industry. Fines will be introduced for principal contractors who allow their subcontractors to employ such workers, and the employers themselves will be banned from tendering for future public sector contracts.

Russians to stay in Baltics, says Kozyrev

By John Lloyd in Moscow

Mr Andrei Kozyrev, the Russian foreign minister, indicated yesterday that Russian troops would stay in the Baltics in spite of commitments, repeated at the US-Russian summit last week, to withdraw them as soon as possible.

Mr Kozyrev told a conference on Russian policy towards the countries of the Commonwealth of Independent States and the Baltic states that complete withdrawal of troops "from this region" would be against Russia's interests – because it would create a security vacuum and because it would leave ethnic Russians undefended. Both Tass and Interfax news agencies indicated that Mr Kozyrev had included the Baltic countries in his remarks on the troop pull-out.

"We should not withdraw from these regions which have been in the sphere of Russian interests for centuries and we should not fear these words," Tass quoted him as saying.

The remarks, if confirmed as applying to the Baltic states of Estonia and Latvia (Russian troops have already left Lithuania), will stir alarm in those countries. They have long warned that Russian commitments to pull out troops were hostage to political shifts in Moscow. The remarks are surprising from a liberal minister like Mr Kozyrev – though in recent months he has moved to cover his flank from attacks by nationalists.

In identifying the protection of ethnic Russians in the former Soviet states as "one of Moscow's main strategic interests," he is stealing some of the rhetoric of Mr Vladimir Zhirinovsky's Liberal Democratic party and delivering a pointed warning to Estonia and Latvia, where citizenship laws have withheld voting rights from non-Balts until language and other criteria are met.

He said that, "though military domination is not in Moscow's interests, it would be dangerous to create a vacuum, because it might be filled by unfriendly forces".

Russia has military bases in all former Soviet states except Lithuania and Azerbaijan. Areas of tension apart from the Baltics include Moldova, where the 14th Army under General Lebed guards the Russian-speaking population in the Trans Dnestr region and Ukraine, where ownership of the Black Sea fleet in its Crimean bases is in contention between Russia and Ukraine – a contention which would be increased by the election of a president of Crimea who favours union with Russia, as now seems likely.

Hurd will visit Bosnia as decision nears on presence of British troops

By Laura Silber in Geneva and Gillian Tett in London

Mr Douglas Hurd, Britain's foreign secretary, confirmed yesterday that he would visit Bosnia on Friday to assess the situation of the British troops serving with the UN protection force.

The visit appears to be smoothing the way for a possible decision on a withdrawal of the troops, just five weeks ahead of an informal deadline set by Mr Hurd for such a decision.

British officials yesterday stressed that the fact-finding visit, which has replaced a visit to Greece, had come at Mr Hurd's own initiative and had only been surrounded by secrecy for security reasons.

The officials denied that a decision had already been taken about the troops, and stressed that a withdrawal would depend on the current peace talks in Geneva.

However, pessimism about the prospects for peace prevailed in Geneva after the heads of the three warring communities held separate meetings yesterday with Lord Owen and Mr Thorvald Stoltenberg, the international mediators.

Bosnian Serb leaders warned that they would renege on their promise to surrender land if their Moslem adversaries failed to endorse an agreement on the republic's partition.

Bosnian Serbs upped the stakes by threatening to proclaim as permanent the current borders of their self-styled state, which, after 22 months of war, comprises 70 per cent of Bosnia.

Mr Jovan Zametica, the Bosnian Serb spokesman, indicated that Serb leaders expected their Moslem rivals to sign a plan or risk more war.

The toughened stance, suggesting that they do not take seriously the threats of Nato air strikes against Serbian targets, was agreed at a session of the Serbian "parliament" on Monday in Bosnia.

UN officials said yesterday that Mr Boutros Boutros Ghali, secretary-general, had asked Mr Yasushi Akashi, his special envoy in former Yugoslavia, to draft concrete plans to open up the airport in Tuzla, the biggest Bosnian stronghold, in an effort to renew pressure on the Bosnian Serbs.

Mr Akashi also said yesterday he had not ruled out the use of air power, as threatened last week at the Nato summit. But a diplomat admitted air strikes were not "high on the agenda at this time".

Unconfirmed reports yesterday said French General Jean Cot was expected to leave his post as commander of UN forces in former Yugoslavia. Gen Cot is reported to have asked Mr Boutros Ghali several times for authority to order air strikes against Bosnian Serbs forces shelling Sarajevo.

Diplomats yesterday privately dismissed official denials that Gen Cot had been sacked.

He is the third commander to oversee UN peacekeepers since the start of the mission in March 1992.

Brussels discord on drug price controls

By Andrew Hill in Brussels

Mr Martin Bangemann, European Union industry commissioner, is coming under increasing pressure from Commission colleagues to tone down a long-awaited report calling for the phasing out of direct price controls on pharmaceuticals.

In its draft report on the industry, the Commission's industry directorate suggests that EU governments should do away with such controls, and look for alternative ways of limiting health expenditure.

But some other commissioners – notably Mr Padraig Flynn, health commissioner – have asked for further internal discussions on the issue.

The report, now unlikely to be tabled until the end of next month, would not tie the hands of governments, but opponents believe it could be used as a weapon by an industry fighting to escape controls.

It concludes that price controls have hampered innovation, and thus the long-term growth of the industry. In recent months, big drug companies have dismissed European governments' efforts to curb drugs bills as ineffective and counter-productive.

In November, the president of Elf-Sanofi, France's second largest drugs group, warned that drug prices in France had been too low for too long. He urged the government to pay higher prices for innovative products, offset by lower prices for older drugs.

Economic tide turns in Hungary

By Nicholas Denton in Budapest

Hungary's government yesterday signalled an end to four years of recession by declaring in strong terms that recovery was under way.

"Something is moving," said Mr Ivan Szabo, finance minister, in his new year's economic report. "Every indicator shows that some kind of growth has started."

Budapest's optimism adds to the growing consensus that eastern Europe is turning up economically. Poland's GDP grew 4 per cent in 1993, making it Europe's fastest growing economy, and that momentum is expected to continue in 1994.

The influential Vienna Institute for Comparative Economic Studies forecast recovery for eastern Europe in 1994 and the region's stock markets, glamourised by the fashion for emerging markets, are booming.

Mr Szabo said Hungary's industrial production rose 3-4 per cent in 1993, while infrastructure investment made the construction industry particularly lively. The conclusion of land reform in the first half of this year should allow a recovery in agriculture, which held back the economy in 1993.

The government had forecast that GDP would fall by 0-3 per cent in 1993 and remain stable in 1994. But a surge in tax revenues from the Christmas shopping season might prompt a revision of output estimates, Mr Szabo said.

Higher than expected receipts from value-added, income and company taxes also allowed the central budget to close with a deficit which at Ft200bn (£1.3bn) was considerably below independent forecasts.

Plutonium reactor can reopen

By David Buchan in Paris

The French nuclear safety authority yesterday approved the restarting of the accident-prone Superphénix fast breeder reactor, after three years of safety repairs and inquiries. The final decision lies with the government, and ministers are not expected to pronounce for several months.

Conceived in the 1970s as a panacea for energy shortages and nuclear waste, the reactor was designed to take plutonium byproduct from ordinary reactors and to produce more fuel than it consumed. But instead the Superphénix, the only full size 1,200MW fast breeder in the world, has become a costly white elephant. Completed in 1986 near Lyon at a cost of FFr29bn ($4.96bn), it has run at full power for only 174 days.

Italy's DC party becomes Popular

By Robert Graham in Rome

Italy's Christian Democrats (DCs) yesterday transformed themselves into the Popular party, in an effort to distance the party from the discredit of years of corrupt rule under successive Christian Democrat governments.

The bulk of the party followed Mr Mino Martinazzoli, the outgoing Christian Democrat leader, in forming the new political group. However, a small minority decided against the move and set up on their own, calling themselves the Centre Christian Democrats, in a split related more to personalities than to ideology.

The break-up of the Christian Democratic party, which was founded in 1942, underlines the problems faced by politicians seeking to mould disparate forces of the centre into credible alliances to fight the general elections on March 27.

Matters are likely to be complicated further if Mr Silvio Berlusconi, the media magnate, decides to enter the fray.

He is reported to be close to announcing his decision to stand as a parliamentary candidate either in Milan or Rome, backed by the series of political clubs he has founded up and down the country.

The clubs are called Forza Italia – literally "Go on Italy", the exhortation used by football crowds and based on his Milan team's supporters' club.

The fact that he has held back from a decision for so long indicates that he is under pressure from both the business community and the political establishment to refrain from direct involvement.

Yesterday, the Ciampi government bowed to a rising tide of protest about the election day coinciding with the Jewish Passover. As a concession the government is now expected to reintroduce, on an exceptional basis, voting over two days.

One-day voting was part of last August's electoral reform.

Switzerland catches no chill being out in the cold

The benefits of staying outside the EEA have outweighed the disadvantages so far, writes **Ian Rodger** in Zurich

Anyone looking at the maps of western Europe published to mark the creation of the European Economic Area on January 1 cannot help but notice an anomaly. There it is – Switzerland – smack in the middle of western Europe, but the only country in the region not to have joined the world's largest free trade area.

A year ago, most economic pundits, both inside and outside the country, warned that the arrogant Swiss would pay heavily for their rejection of EEA membership in a December 1992 referendum.

Today, the Swiss appear to be having the last laugh. The country's role as a financial haven has enjoyed a new lease on life in the past year and any trade disadvantages arising from remaining outside the EEA may well be offset by benefits from the Uruguay Round multilateral trade accord and the planned introduction of value added tax.

Switzerland has avoided having to pay Ecu174m ($195m) to the European Union's cohesion fund, its share of the donation the countries in the European Free Trade Association agreed to make as a condition of forming the EEA.

Moreover, current negative trends, such as low investment, rising unemployment and weak exports, can be attributed to factors unrelated to EEA membership, such as increasing competition from eastern European countries or the depressed state of key export markets, especially Germany.

"I am not unhappy with the situation at all," says Mr Hans Kaufmann, chief economist at Bank Julius Baer in Zurich. Other economists acknowledge that Switzerland has not suffered much yet, but believe the country faces a tough future. Some 60 per cent of its exports are sent into the EEA.

"There are already signs of passive discrimination against Swiss exports to EEA countries," says Mr Alois Bischofberger, chief economist of Credit Suisse, "and it is becoming more difficult for Swiss to get work permits in Germany."

Mr Christophe Köllreuter, head of the Basle Business Cycle Research Group (BAK), fears that when business investment recovers, Switzerland will fare much worse than member countries. He believes Swiss manufacturers will prefer to put their new plants inside the EEA.

Mr Kaufmann, however, argues that EEA-based companies may want to set up offices in convenient, independent Switzerland so their international activities are beyond EEA jurisdiction.

Certainly some international investors were relieved that the long arm of Brussels would not soon be reaching into their Swiss bank accounts. It is hard to assess the extent to which the EEA rejection influenced the huge flow of foreign funds into safe-haven Swiss banks last year. The main causes seem to have been the turbulence in the European monetary system, tax increases in Germany and political tensions in Italy. But, whatever the cause, the inflow allowed Swiss interest rates to fall more quickly than those in Germany, helping to ease recessionary forces in the country.

Most industries in Switzerland expect sales and production to rise this year for the first time in three years, but margins will continue to be squeezed, according to a recent survey of 2,300 companies by Union Bank of Switzerland. Capital spending this year should stabilise at last year's level, UBS said. "All in all there are clear signs of an economic turnaround. But a strong recovery is not yet in sight," it concluded.

Mr Kaufmann says that even if Switzerland's independence accounted for only a tenth of the foreign private capital placed in the country, that would be enough to add some SFr700m ($482m) of value to the economy: "It would not be easy to make that up elsewhere."

The costs of new barriers to exporting to the EEA could also be largely offset by the introduction of value added tax next year. VAT will replace a turnover tax that has penalised exporters; Mr Kaufmann estimates it will add 1-2 per cent to manufacturers' export margins.

One fear arising from the EEA rejection was that the European Union would refuse to negotiate bilateral trade deals with Switzerland. But last month, the two concluded an agreement on rules of origin, giving Switzerland about 90 per cent of the advantages of EEA membership in the area of customs and tariffs.

This agreement proves to some extent the argument of anti-EEA Swiss that the Union has no interest in making life difficult for its second largest trading partner. But Swiss trade officials point out that this was a case that enabled both sides to avoid immense amounts of red tape.

They expect things will not be so easy over issues where Switzerland is the supplicant, as in seeking equal rights for Swissair in EEA open skies.

Such potential problems, however, are not enough to create a sense of urgency about reversing last year's momentous decision; opinion polls indicate that a small majority would still vote to stay out.

In a recent foreign policy white paper, the government foresaw no new initiatives in the near future. At the least, it would wait for referendums on joining the EU expected in the next year or so in Austria, Sweden, Finland and Norway. Depending on their outcomes, Switzerland might want to try again to join the EEA or might apply directly for European Union membership.

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Japan steps up bribery investigation

Two Obayashi executives are arrested, writes William Dawkins

Public prosecutors yesterday stepped up their purge against political bribery in the construction industry by arresting two senior executives of Obayashi, Japan's fourth largest contractor.

The arrests coincide with the publication of government plans to reduce barriers to foreign competition in the construction market, including the much-criticised practice of bid-rigging.

The two men held are Mr Koreaki Hagiwara, a vice-president of Obayashi, and Mr Juichi Konishi, in charge of a branch office in the northern city of Sendai. They are suspected of paying a former Sendai mayor, Mr Toru Ishii, Y10m ($85,000) to get a waste incineration plant contract.

The cash was channelled in late 1992 to the local branch of the then ruling Liberal Democratic party, prosecutors believe. Mr Ishii has admitted receiving cash from four other construction companies. Obayashi is the seventh leading contractor to be drawn into the widening net of the inquiry.

It has become the biggest corruption scandal since the second world war, with the arrest of more than 30 people, including two regional governors and two city mayors.

The construction industry is believed to have been a prime source of illicit funds for leading political parties, public distaste for which contributed to the LDP's election defeat last July after 38 years in power.

The new coalition government is attempting this week to overcome LDP opposition to get parliamentary agreement on plans to curb political funding and redraw the electoral system. Yet the Tokyo prosecutor's office, which initiated this investigation, has stopped short of arresting a national politician or bureaucrat.

There is mounting speculation, however, that the office might soon hit a national target since the appointment late last year of the celebrated investigator, Mr Yusuke Yoshinaga, as prosecutor-general.

The government's appointment of Mr Yoshinaga, a leading figure in exposing the Lockheed bribery scandals of the 1970s, is seen as an attempt to beef up the inquiry, which appeared to be losing impetus.

The prosecutors' office had come under press criticism for failing to get to tackle the suspected root of political corruption, the acquiescence if not active participation of some national politicians.

A former prime minister and two former cabinet ministers, on both sides of the house, are under suspicion, according to political commentators and lawyers in Tokyo.

South Korean groups target core businesses

By John Burton in Seoul

South Korea's 30 largest conglomerates, or chaebol, yesterday completed the selection of their main business sectors as part of a government policy to reduce the size of the sprawling business groups.

The core industries selected will receive funding benefits under the country's tightly-regulated financial system. They include relaxation of credit controls, and priority government approval for issuing bonds abroad and raising capital on the domestic stock market.

The government will also provide research and development support to high-tech companies and ease restrictions on land purchases.

It is the latest of several so far unsuccessful government attempts to persuade the chaebol to streamline their operations and specialise in a few industries.

Officials have long argued that the chaebol have diversified into too many unrelated industries, which is harming their efficiency and global competitiveness.

They have for example, spent capital on expanding their industrial empires in intense competition with one another rather than on developing products through higher research spending.

The expansion of the chaebol was fed by cheap government loans as the country rapidly industrialised in the past three decades, although the state has tried to reduce financing in recent years.

The 10 largest chaebol, including Hyundai, Samsung, Lucky-Goldstar and Daewoo, were asked by the government to select three core industrial sectors and the next 20 were ordered to pick two sectors to develop. Non-core industrial sectors will be subject to strict credit restrictions.

The plan bears some similarity to the last chaebol policy, introduced in 1991, which stipulated that the 30 leading conglomerates had to select three core industries, which would then receive unrestricted bank loans. But that programme failed to reduce the size of the chaebol or fulfil the government's hope that they would select their most advanced industries. Instead, the designated core companies were often those needing the most capital investments, such as the troubled petrochemical industry, or ones with the heaviest debts.

The government this time tried to correct some of those problems by proposing that core companies must meet certain conditions to qualify. Selected companies, for example, must already account for at least 10 per cent of group sales, which would indicate that they are already competitive. But the new list of core companies still bears a strong resemblance to the ones picked three years ago.

Chemical companies emerged as the largest group of core companies, with 22 being selected, including 13 in the petrochemical area.

Other favoured industries included food and beverage (11), motor vehicles (9), energy (9), machinery (6), electronics (6), steel (6) and non-metal minerals (5).

In the service sector, 24 companies engaged in trade, distribution and transportation industries were selected; 12 more were in construction.

The government may have difficulty in preventing the business groups from using the core companies to funnel funds they obtain to non-core industries, a problem that afflicted the previous policy.

SOUTH KOREA'S TEN TOP CHAEBOL
Core business sectors and related companies

- **Hyundai:** Motor vehicles (Hyundai Motor, Hyundai Motor Service), electronics (Hyundai Electronics) and energy (Hyundai Oil Refinery, Seil Oil).
- **Samsung:** Electronics (Samsung Electronics), machinery (Samsung Heavy Industries, Samsung Aerospace), chemicals (Samsung General Chemicals, Samsung Chemicals).
- **Lucky-Goldstar:** Electronics (Goldstar, Goldstar Electron), chemicals (Lucky, Lucky Petrochemical), energy (Honam Oil Refinery, Saebang Oil).
- **Daewoo:** Motor vehicles (Daewoo Motor), machinery (Daewoo Heavy Industries, Daewoo Shipbuilding & Heavy Machinery), distribution (Daewoo Corp.)
- **Sunkyong:** Energy (Yukong, Hungkuk Sangsa, SKI), chemicals (SKC), distribution (Sunkyong, Yukong Shipping).
- **Hanjin:** Transportation (Korean Air, Hanjin Shipping), machinery (Hanjin Heavy Industries), construction (Hanil Development, Hanjin Construction).
- **Ssangyong:** Motor vehicles (Ssangyong Motor), non-metal mining (Ssangyong Cement), energy (Ssangyong Oil Refinery, Buma Oil).
- **Kia:** Motor vehicles (Kia Motors, Asia Motors), machinery (Kia Precision Works), steel (Kia Specialty Steel).
- **Hanhwa:** Energy (Kyungin Energy), chemicals (Hanyang Petrochemicals), distribution (Hanhwa, Hanyang Stores, Golden Bell).
- **Lotte:** Distribution (Lotte Shopping, Lotte Development), food and beverages (Lotte Confectionery, Lotte Chilsung Beverage, Lotte Ham, Lotte Milk), chemicals (Honam Petrochemicals).

Supporters of Gen Mohamed Farah Aideed, the powerful Somali warlord, drive a huge portrait of Mr Osman Atto, Gen Aideed's main financier, through the streets of Mogadishu yesterday. He was one eight followers released by the United Nations yesterday in a move to try to improve peace prospects Picture: Associated Press

Nigeria hit by new currency regulations

Nigeria's official economy is near to standstill following currency rules in last week's budget which fixed the naira exchange rate at 22 to the dollar and banned sale of export proceeds at the parallel rate of about 45 to the dollar, writes Paul Adams in Lagos.

Banks and industry are unable to deal in foreign exchance until the central bank of Nigeria issues guidelines governing the rate and allocation of foreign exchange.

The Central Bank of Nigeria yesterday postponed a meeting that was to have defined the rules. No explanation was given but some senior officials doubt that the bank is ready to regulate the system whereby it allocates scarce foreign exchange at an overvalued rate to the commercial and merchant banks with strict guidelines for their distribution to priority customers, mainly manufacturing and agricultural companies.

The biggest casualty could be investment by multinational oil companies which produce most of Nigeria's 1.8m barrels a day.

Oil accounted for nearly 90 per cent of last year's export earnings.

The oil majors bring in between $700m and $1bn a year for existing operations. Before the budget, they exchanged dollars at the parallel rate, about N45 to the dollar, but the N22 exchange rate has doubled the funding cost of local operations. They are also suffering problems of late payment by the Nigerian National Petroleum Corporation for its 60 per cent share of operating costs.

Burmese junta to strengthen its power

Demoralised Burmese opposition leaders said yesterday there was little they could do to stop the military junta securing a new constitution that would give the armed forces a dominant role in future governments, writes Victor Mallet in Rangoon.

Burma's ruling generals, known collectively as the State Law and Order Restoration Council (Slorc), moved a step closer to their goal of constitutional power with the opening in Rangoon of the latest session of a national convention to draft the constitution.

The Slorc – which jailed opposition leader Aung San Suu Kyi more than four years ago and ignored the results of the 1990 election won overwhelmingly by her party, the National League for Democracy (NLD) – has already engineered a series of "constitutional objectives" which include a leading role for the military.

Most of the outspoken NLD members who might have been delegates at the convention have been imprisoned, exiled or disqualified; others have been cowed into submission and silence by threats of jail and worse.

One NLD delegate, who asked to remain anonymous for fear of retaliation, expressed concern that the armed forces were adopting tactics like those of the military in Indonesia to entrench and legitimise their influence.

"There is no discussion here," he said in the convention hall. "It goes according to their [the armed forces'] will. They say it's settled."

Asked why the emasculated NLD bothered to continue, the official replied: "What alternative is there? We have to keep our political platform. If we fail to attend this, most probably they will disband our party."

He acknowledged, however, that the remnants of the NLD could achieve "more or less nothing".

Burma's armed forces appear to be in a stronger position than they have enjoyed for several years.

Ethnic rebel groups along the borders have agreed to negotiate ceasefires after decades of fighting, and the economy, with the help of Thai, Singaporean and other investors, has started to recover after a long period of stagnation and decline.

Collapses due to recession rise

Japanese corporate failures fell in number last year, but collapses specifically linked to the recession hit a record, said a leading credit research agency, writes William Dawkins.

Corporate failures provoked by falling sales, heavy debts or bad loans, rose to a record 8,543 cases in 1993 or nearly 61 per cent of the year's total of 14,041 bankruptcies, according to Teikoku Databank. The overall total showed a 0.9 per cent decline on 1992, the first drop for three years, an indication that Japan might be near the bottom of its recession.

Among last year's most prominent collapses were Muramoto Construction, which became the country's largest post-war corporate failure with debts of Y590bn (£3.5bn); Nikkatsu, a film producer; and KYC Machine Industry, a maker of construction equipment. Despite these high-profile collapses, the number of failures with liabilities of more than Y100bn fell from 10 in 1992 to six last year. Construction was worst hit sector with 2,868 failures, followed by manufacturing industry with 2,591.

Another sign that the worst might be nearly over came with a 23 per cent year-on-year rise in private sector orders of machinery in November, reported by the government's Economic Planning Agency.

Machinery orders are a bellwether of corporate capital spending six to nine months ahead, but the November rise is only a partial recovery from the record 31.1 per cent drop in the previous month.

Syria throws doubt on Israeli readiness to reach peace deal

By Julian Ozanne in Jerusalem and Roger Matthews in London

Syria expressed its disappointment yesterday at Israel's reaction to the summit meeting on Sunday between President Hafez al-Assad and US President Bill Clinton, and said it cast doubt on the Jewish state's willingness to make peace.

After the meeting in Geneva, Mr Assad said Syria had made a strategic choice to seek peace with Israel and was ready for a full normalisation of relations with all its neighbours.

"We are surprised by the contradictory reactions in Israel," Mr Farouq al-Shara'a, Syria's foreign minister, said on arriving in Amman to brief Crown Prince Hassan of Jordan on the outcome of the summit.

"We were expecting a big welcome to what was announced in the wake of the summit between the two presidents," he said.

"Instead of that we are hearing statements on a referendum and demands for more. All of this makes us doubt the real intentions of the Israelis in achieving a just peace."

Mr Yitzhak Rabin, Israeli prime minister, yesterday confirmed his support for an eventual referendum on peace with Syria in what was seen as an attempt to put pressure on Damascus and win over domestic opposition ahead of peace talks which are due to resume next week.

Israeli ministers, who are deeply divided on the issue, emphasised that a choice on whether to call a referendum or hold national elections on territorial concessions to Syria would only be considered once a peace agreement had been finalised and initialled.

Political analysts said Mr Rabin, in raising the referendum possibility, was more concerned with sending a message to Syria that Damascus would have to be more flexible and conciliatory to win over a sceptical Israeli public.

Mr Rabin, they said, was also playing a domestic political gambit to marginalise the opposition both inside and outside his Labour party, encourage the Shas party to rejoin the weak coalition and calm the 13,000 Golan settlers to enable the government to negotiate without facing a nationwide campaign against the peace talks.

Mr Rabin said: "If and when we come to a draft of a peace treaty between Syria – and it demands a painful price, perhaps beyond what the residents of Israel expect – if, I emphasise if and when, in my opinion it will have to be brought to a referendum."

President Assad has consistently demanded an Israeli commitment to a full withdrawal from the occupied Golan Heights, and he repeated this basic objective during more than five hours of talks with Mr Clinton.

The Israeli proposal for a referendum was certain to be viewed with the deepest suspicion in Damascus because it would mean that whatever deal was ultimately negotiated could be subsequently overturned.

Under such a scheme, Mr Assad would be obliged to commit himself, without a parallel guarantee from Israel.

Syrian officials have stressed that future negotiations with Israel, due to resume next week in Washington, would be meaningless without an understanding that Israel would acknowledge ultimate Syrian sovereignty over the Golan.

Yemen base bomb claim

The dominant political party in Yemen said yesterday a military aircraft from the south had bombed a military camp in the north, just as leading politicians agreed reforms to end a crisis threatening national unity, Reuter reports from Sanaa.

Travellers in Oman meanwhile said the majority party in former South Yemen, embroiled in a feud with President Ali Abdullah Saleh, was sending troops and tanks to a vital oilfield that might be taken over by forces loyal to Mr Saleh.

Bentsen hints on Vietnam trade embargo

By William Barnes in Bangkok

Mr Lloyd Bentsen, US Treasury secretary, suggested yesterday in Bangkok that there could be an early end to the US trade embargo against Vietnam.

The embargo has isolated Vietnam for 30 years and Mr Bentsen said people like him wanted to "get it done; get it behind us".

Speaking to Thai bankers he said Hanoi had made progress in accounting for US servicemen missing in action or held as prisoners of war and that a "strategy of engagement" might be the best way forward.

US officials said that American bankers in the region had told Mr Bentsen the time had come to end a policy that only served to boost US trade competitors. Mr Bentsen also said he was "encouraged" by statements by leading US legislators such as Democratic Senator John Kerry, who has indicated that he would support dropping the embargo.

Mr Kerry ended a visit to Hanoi earlier this week and praised the Vietnamese authorities for their co-operation in resolving the "missing-in-action" (MIA) issue. After watching 100 US and Vietnamese soldiers excavate for the remains of MIAs at the weekend, Mr Kelly said "all of the signs are moving in the right direction"

Admiral Charles Larson, currently in Vietnam, is the highest-ranking US military officer to visit the country since the war ended. Admiral Larson, commander-in-chief of Pacific Forces, is trying to determine

Bentsen: praise for Vietnam

the fate of 2,239 US servicemen still listed as missing.

A US trade embargo has been in place against North Vietnam since 1964; this was extended to the whole country in 1975 when Communist forces defeated the US-backed forces in the south.

Last year the US eased restrictions to allow Vietnam to borrow from the World Bank and the International Monetary Fund and to allow US companies to bid for projects financed by these institutions.

Mr Bentsen leaves today for China on the last leg of his three-country tour to encourage Asian nations to open their booming economies to US companies and exports. He will be the most senior member of the Clinton administration to visit China. His tour started in Indonesia.

MOVE ON ISRAELI BANK SHARES SELL-OFF

By Julian Ozanne

Mr Avraham Shochat, Israel's minister of finance, said yesterday the government would issue the tender for the sale of Bank Leumi, Israel's second largest banking group, within a month.

Mr Shochat said a controlling stake, defined by the government as at least 20 per cent of the shares, would be sold to local or foreign investors in Bank Leumi and, later in the year, in Bank Hapoalim, Israel's biggest bank.

The sale of ownership in Bank Hapoalim would depend on the speed of the sale in Bank Leumi.

In 1992 Bank Leumi reported consolidated net profits of $76m (£51m) from total consolidated assets of $28bn.

For the same period Bank Hapoalim reported net profits of $90m from assets of $36bn.

Last year the government began selling shares through the Tel Aviv stock exchange in the banks, both of which were taken over by the government in 1983 after a share manipulation scandal.

Malaysians bemused about UK aid row

Kieran Cooke on an accord which has brought an export boost for Britain

The furore in Britain over allegations that the Thatcher administration – and Mr John Major, the present prime minister – had agreed to give large amounts of aid to Malaysia in return for multi-million-dollar Malaysian agreements to buy British weaponry has been greeted with quiet bemusement in Kuala Lumpur.

When the allegations first surfaced late last year Mr Najib Tun Razak, Malaysian defence minister, described them as "baseless". But officials in Malaysia privately admit that a 1988 memorandum of understanding on defence signed between the two countries was a catalyst for better relations between the two countries.

In the early 1980s Dr Mahathir Mohamad, Malaysian prime minister, piqued at what *he perceived to be British high-handedness on issues ranging* from trade matters to higher fees for Malaysian students studying in Britain, instituted a "Buy British Last" policy.

But that has changed. In recent years British companies have won a substantial share of business in Malaysia's fast growing economy. Not only have British companies made an estimated £1.3bn of defence sales to Malaysia under the memorandum: British officials calculate civil projects have been worth substantially more than that amount for British companies.

When Mr Major visited Kuala Lumpur last September he announced that British companies were negotiating contracts in Malaysia worth $1bn (£675m), which would secure 25,000 jobs in Britain.

The controversy centres on a British government decision *two years ago to sign a £234m aid package with Malaysia for* building a dam on the Pergau river, in the north of the country.

Pergau has always been a controversial project, with opposition MPs questioning its scale, cost and environmental impact

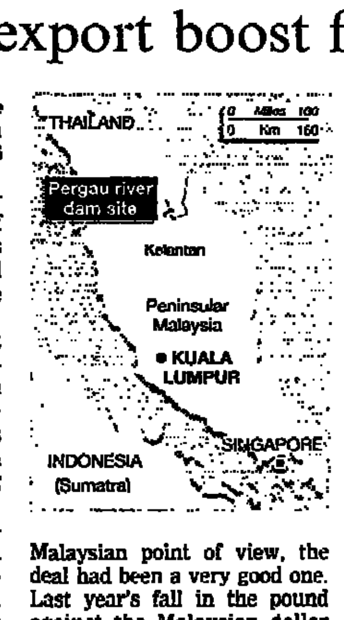
The decision was made against the advice of Britain's Overseas Development Administration (ODA). There have been repeated allegations in Britain that the aid package *was directly linked to the* defence memorandum – which could be illegal under the 1966 Overseas Aid Act.

Earlier this week a senior ODA official told the House of Commons public accounts committee that Mr Major had taken the final decision on the aid package.

Malaysian officials reject suggestions – first aired publicly in a report by the British auditor general last October – that the Pergau project is uneconomic and will result in Malaysian consumers having to pay more for electricity.

Tenaga Nasional, the partially privatised Malaysian electricity utility, has repeatedly said that Pergau is a sound project and there has never been any suggestion that, as a result of Pergau, electricity charges would rise.

Mr Samy Vellu, minister of energy, said that from the



Malaysian point of view, the deal had been a very good one. Last year's fall in the pound against the Malaysian dollar had made the project cheaper. Mr Samy Vellu told Malaysian MPs it did not matter if others had lost – as long as Malaysia got the better deal.

But Pergau has, from the beginning, been a controversial project, with Malaysian opposition MPs questioning the scale and cost of the project and its environmental impact. The 600MW plant and dam at Pergau will cost an estimated M$1.8bn (£450m at current exchange rates).

There have also been questions about the process whereby Balfour Beatty, the British civil engineering company, was awarded the bulk of the work at Pergau. (Balfour Beatty is also a member of an Anglo-Japanese consortium involved in work on a M$8bn international airport being built outside Kuala Lumpur.)

Work on Pergau, believed to be about 60 per cent completed, has also been held up by land rights disputes and compensation claims and various technical problems.

UK political row, Page 5

Reagan and Bush 'knew of Iran-Contra plot'

By George Graham in Washington

An independent investigation into the Iran-Contra conspiracy says former President Ronald Reagan "set the stage" for illegal activities but "found no credible evidence" that he violated any criminal statute.

Mr Lawrence Walsh, the special counsel appointed to examine the Iran-Contra affair, said in his final report that Mr Reagan had "knowingly participated or at least acquiesced in" a cover-up after the conspiracy came to light.

Iran-Contra, the worst scandal of the Reagan presidency, was a plot led by Colonel Oliver North, a member of the White House National Security Council staff, to sell arms to Iran in an attempt to bring Iranian influence to bear on the terrorist groups holding US hostages in Lebanon.

At the same time the scheme diverted money to the Contra rebels in Nicaragua in defiance of a congressional ban on such aid.

Mr Walsh said former President George Bush, while he was Mr Reagan's vice-president, was also fully aware of Iranian arms sales, "contrary to his public pronouncements", but again found no evidence that he broke any law.

The Iran-Contra investigation has been ridiculed by Republicans for its \$35m (£23.6m) cost, seven-year duration and meagre results.

Lawyers representing some of the main participants have criticised many aspects of Mr Walsh's investigation, and had tried in vain to persuade the appeals court which oversees the independent counsel to eliminate large portions of his report.

In a statement yesterday, Mr Reagan called the report "little more than a self-administered pat on the back and a vehicle for baseless accusations that [Mr Walsh] could never have proved in court".

Although 11 of the Iran-Contra conspirators were convicted, the two most significant convictions, of Colonel North and Admiral John Poindexter, his superior at the White House, were overturned on the grounds that they had earlier obtained immunity in exchange for testifying to Congress.

Others, including Mr Caspar Weinberger, former defence secretary, and Mr Robert McFarlane, former national security adviser, were pardoned by Mr Bush shortly before he left office last year. Only one Iran-Contra defendant served any time in prison.

In a press conference yesterday Mr Walsh said many of those who took part in the 1985-86 conspiracy had high motives, including Mr Reagan. "He may have been wilful but he thought he was serving his country in what he did," Mr Walsh said.

He was less forgiving of Mr Bush. "I think President Bush will always have to answer for his pardons. That was a most unjustifiable act," Mr Walsh said.

However, the report's impact might have been greater had Mr Bush won the 1992 election. As it is, the only conspirator still prominent in politics is Mr North, who is seeking a seat in the Senate.

The report concludes that the sale of arms to Iran violated declared US policy and may have violated the Arms Export Control Act, while the provision of support for the Contras violated the Boland amendment banning aid to military activities in Nicaragua.

Venezuela bank loss may reach \$500m

By Joseph Mann in Caracas and Stephen Fidler in London

Losses at Banco Latino, Venezuela's second largest commercial bank, which was taken over by the government after closing its doors last week, may be as much as \$500m (£337.8m), according to Venezuelan bankers.

There was no official confirmation of the figure but it began to circulate privately after monetary officials took their first, quick look at Latino's books last weekend before deciding on full state intervention.

According to the bankers, it was the size of the apparent losses that deterred other Venezuelan banks from stepping in to save the bank, which reported assets of \$1.9bn at the middle of last year.

Other disconcerting elements surfaced as the government began the task of taking over the bank's management, deciding when to re-open and examining the books. For one thing, the government's bank deposit guarantee fund has 33 per cent of its total resources, or \$160m, on deposit at Banco Latino itself. It is not clear if these funds can be used in the short term.

Moreover, bankers are worried that the freezing of Latino's resources could cause serious problems at other Venezuelan banks, especially at two financial institutions where Latino had large equity stakes and strong business relationships.

Last week Banco Maracaibo, an important commercial bank, disclosed it had purchased shares that Latino previously had held in the institution. Latino reportedly had 38 per cent of Maracaibo's stock, but no details on the sale were made public.

However, according to bankers, the international ramifications should be modest: Latino has no public debt outstanding and bank credit lines to it were said to be modest.

Government investigators are looking into Latino's offshore holdings, which could amount to over \$600m, according to one Venezuelan banker. Bankers said the practice of dumping non-performing loans into offshore subsidiaries has not been uncommon. Attention is concentrated on the bank's Curaçao subsidiary.

The bank also has a 51-per-cent-owned joint venture in the Netherlands Antilles with ING Bank of the Netherlands – the Interunion Bank (Antilles), a Miami-based US subsidiary and an office in Colombia.

● A decision by the Venezuelan government to delay application of an unpopular value added tax has split the cabinet and caused widespread confusion among merchants and consumers.

The finance minister, Mr Carlos Rafael Silva, strongly opposed the decision and offered his resignation on Monday but President Ramon Velasquez refused to accept it.

Quake damage could be over \$7bn

By Richard Lapper

Underwriters at Lloyd's of London yesterday played down the impact on their business of claims stemming from the Los Angeles earthquake.

Lloyd's itself said the "final total of insured losses to be eventually borne by the market will not have a major impact."

"I am very relaxed about it," said one underwriter at Lloyd's, one of a number specialising in catastrophe reinsurance for US companies.

Early estimates suggested that damages could be about \$7bn (£4.7bn) with insured losses reaching about \$1bn – about the same scale of loss as in the San Francisco earthquake of 1989.

However, there were unconfirmed warnings from US insurance industry officials yesterday that the property damage could be on a bigger scale than that suffered in San Francisco.

The majority of Lloyd's underwriters tend to specialise in high-level catastrophe covers. These policies would be triggered only if an insured loss were big enough to lead US insurance companies to claim on their own reinsurance.

"It really needs to be a loss of \$5bn or more for it to have an impact in London," said one underwriter.

Insured losses are expected to be limited partly because of the limited take-up of earthquake cover by Los Angeles residents. In turn reinsurers are optimistic that their share of the loss will also be minimal, partially because some of the biggest US insurers have tended not to buy reinsurance protection in recent years.

At the same time, following its exposure to hurricanes Hugo and Andrew in 1989 and 1992, London underwriters have restricted the scope of coverage offered – excluding power lines, for example, from their policies.

In contrast to the more relaxed attitude at Lloyd's, one underwriter sounded a note of caution, recalling that hurricane Andrew, where losses were originally estimated at \$3bn, eventually cost insurance markets more than \$16bn.

Worst disruption may be yet to come, writes Louise Kehoe from Los Angeles

Economic aftershock for City of Angels

The City of Angels seems to be bedeviled. Monday's vicious earthquake added to the troubles of a region that has already seen its economy severely hit by defence cuts, violent race riots in 1992 and devastating fires last summer.

"We are a resilient people," Los Angeles Mayor Richard Riordan declared in the wake of Monday's quake, which hit 6.6 on the Richter scale and left at least 34 dead, thousands injured and as many as 15,000 displaced from their homes.

But as he urged residents to "keep cool" while more than 200 aftershocks rocked buildings and frayed nerves, the full magnitude of the earthquake's impact was beginning to emerge.

Collapsed freeways and bridges, buckled roads, landslides and ruptured gas and water mains have crippled the transport system of a city that relies, possibly more than any other, upon the car. Nearly 3m vehicles use the 616 miles of freeway in Los Angeles during an average evening rush hour.

Yesterday, as many residents ventured out of their neighbourhoods for the first time since the earthquake, huge traffic jams quickly built up. However, with many businesses and virtually all schools and public offices closed, commuter traffic was much lighter than normal.

Despite desperate efforts by local and state officials, it may be "at least a year" before portions of main highways can be rebuilt, California Governor Pete Wilson acknowledged.

Even this estimate is probably too optimistic. In the San Francisco region of northern California, which suffered a quake of 7.1 on the Richter scale in 1989, portions of city freeways remain closed while repairs continue more than four years after the event.

Unlike San Francisco, Los Angeles has little public transport to fall back on. Rail lines were buckled by the quake, halting train services for residents of the hard-hit San Fernando Valley.

The city's fledgling subway system covers only 4.4 miles in the downtown area and was yesterday closed for inspection. Commuters who routinely have coped with jammed highways now face the prospect of long-term gridlock.

Five inter-state motorways have been seriously damaged. "You're talking about millions and millions of vehicles and travellers who will be impacted," said Mr Jim Drago of the California department of transportation.

The Santa Monica freeway, a big east-west artery through the city and one of the most heavily travelled motorways in the country, was severely damaged when an overpass collapsed onto the street below.

The earthquake also destroyed an arching intersection of two big freeways in the San Fernando Valley, to the north west of the city. The Golden State freeway, the primary north-south route in the state, collapsed onto another highway, crushing several cars.

Questions remain about why so many roads, supposedly built to stand severe earthquakes, should have collapsed.

So far there are few answers, but the state faces massive costs if it is to strengthen the system further.

The quake's destructive force could have a serious long-term impact on the region's already battered economy. In the past year, job losses in southern California roughly equalled those of all the US's other states combined, said Mr Robert Arnold, a senior economist at the centre for the continuing study of the California economy.

The freeway disruption can only make matters worse, said Ms Genevieve Giuliano, a transport expert at the University of Southern California. "It's a huge problem for commercial traffic. The fact that so many places are affected will interrupt commerce in all sorts of ways."

Long distance truckers, who carry freight to and from Los Angeles, said that the damage would add two hours or more to their journeys, raising costs significantly.

Although damage from the quake is largely limited to the north-west section of Los Angeles, nobody in the city has escaped its wrath. At Los Angeles International Airport yesterday, airlines struggled to maintain their schedules with many staff members unable to get to work.

The tourist trade, normally a pillar of the local economy, is expected to be hit hard. The earthquake could be yet another deterrent to visitors who have seen the city scarred by fires and riots.

Water and electricity supplies, although restored in many areas, remain uncertain. All residents have been warned to boil tap water for drinking. With most shops closed, obtaining basic supplies remains difficult.

Some inevitably profit from others' losses. Roving crews were charging shops and businesses as much as \$1,000 to board up broken windows.

Already, insurance companies have posted claims adjusters in the region. As many as 60 per cent of residents of the affected regions lack any earthquake insurance, according to the Personal Insurance Federation of California.

Since the 1989 San Francisco quake, state measures have been enacted to ensure that earthquake insurance is more widely available in California. However, its cost has risen sharply and the extent of coverage available has been limited, deterring many home and business owners.

With insurance payouts not expected to cover much of the damage, the prospects for a short-term economic recovery seem bleak. In Oakland, hard hit by the San Francisco quake, many damaged commercial buildings were simply abandoned by their owners. "Once people realise that buildings aren't coming back and customers start to leave, you get a cycle of decline," said Mr Ezra Rapport, Oakland deputy city manager.

The one big hope for Los Angeles is federal aid. City and state officials have been encouraged by President Bill Clinton's promises to assist the region and are now hoping for a multi-billion infusion of funds from Washington.

A city that lives on the edge

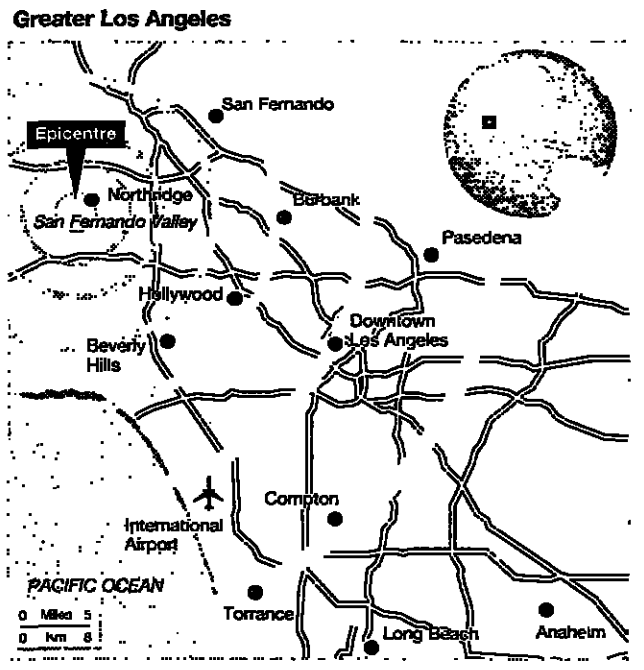
Big chunks of freeway were smashed, heralding years of traffic chaos in a city that relies on cars. Trains were thrown off rails.

More than 1,000 buildings were damaged, including a three-storey apartment building in which at least 15 people perished.

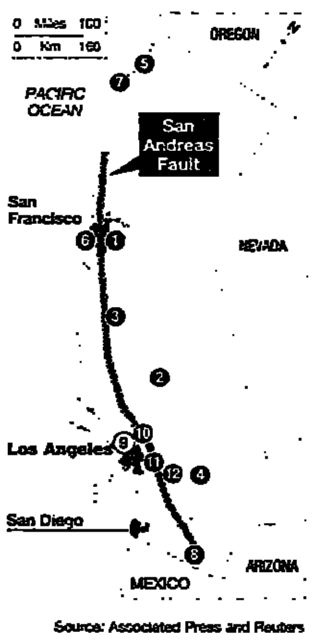
Nearly 100 fires erupted, many caused by broken natural gas lines. More than a million homes were left without power and an estimated 200,000 without water.

About 300 rescue squads were mobilised to search for dead and wounded. By yesterday, at least 32 people had died and more than 1,000 had been injured. Over 15,000 people who were made homeless and many others too frightened to return home flocked to emergency tent cities.

Greater Los Angeles



The fault line



	Year		Richter scale
1	1906	San Francisco	8.3
2	1952	Tehachapi-Bakersfield	7.7
3	1927	Offshore San Luis Obispo	7.7
4	1992	Landers	7.4
5	1923	North Coast	7.2
6	1989	San Francisco	7.1
7	1980	Eureka	7.0
8	1950	Imperial Valley	6.7
9	1994	**Los Angeles**	6.6
10	1971	San Fernando	6.6
11	1992	Los Angeles	6.3
12	1987	Los Angeles	5.9

The Richter scale

- 8 Capable of tremendous damage
- 7 Widespread damage
  Monday's quake: 6.6
- 6 Severe damage
- 5 Considerable damage
- 4 Moderate damage
- 3.5 Some local damage

Source: Associated Press and Reuters

US in drive over Tokyo copper tariffs

By Kenneth Gooding, Mining Correspondent

US copper producers still hope for the removal of tariff barriers that have allowed Japan to build up one of the world's strongest copper smelting and refining industries, even though it has no copper mines.

The issue is expected to be pressed in the next few weeks by US officials who have expressed growing frustration over what they see as Japan's failure to take action to close its trade surplus with the US. They feel there is an opportunity to agree a bilateral deal during the run-up to the February 11 meeting in Washington between US President Bill Clinton and Mr Morihiro Hosokawa, Japanese prime minister.

Japan's import tariffs, equivalent to about 8.5 per cent, and the 1 per cent US duty were almost swept away during the recent General Agreement on Tariffs and Trade talks as progress was made towards zero duties on all non-ferrous metals.

But negotiations on this issue ended in chaos and recriminations after the European Union refused to cut its 6 per cent tariff on aluminium and Japan withdrew its offer to remove copper duties.

The US non-ferrous metal producers committee, in recent talks with Mr Micky Kantor, the US trade representative, claimed the Japanese duties injured the world's more efficient producers. They seriously hindered imports of refined copper to Japan and raised the copper price in Japan above world market levels.

This gave Japanese copper producers a protected base from which to export aggressively to third countries – and allowed Japanese smelters to offer higher prices for copper scrap and copper concentrate (an intermediate material) which are imported to Japan duty-free.

Japan dominates the world copper concentrate market, importing about two-thirds of all the material traded internationally, said the US organisation.

This dominant position also gave Japan a disproportionate influence in the financing of new copper mines anywhere in the world because owners usually needed a contract with a Japanese smelter before they could obtain finance.

Hopes for house kit imports

Japan hopes to reduce its \$60bn (£40bn) trade surplus with the US by importing North American wooden house kits, Paul Abrahams reports. The Japan External Trade Organisation (Jetro) is sending a 70-strong team to the North American west coast to encourage manufacturers of ready-to-assemble houses to try the Japanese market.

"The initiative's aim is not only to redress some of the trade surplus, but also to improve the quality of life in Japan," said Mr Shusaku Hirano, Jetro's director of import promotion. North American wooden housing was believed to last twice as long as Japanese equivalents, he said, and their sound-proofing and insulation were said to be better.

American housing would have to be adapted to the Japanese market, however. Besides instructions in Japanese, the kits required aluminium or steel shielding to cover the wooden window frames. These cannot be exposed to the elements under Japanese construction regulations.

Even if Japanese consumers take to American homes, it will be an uphill task to cut the trade deficit. Of the 1.48m housing starts in Japan last year, only about 50,000 used North American methods, and of these no more than 2,500 were imported, Jetro says.

Iran gas deal eludes Italian consortium

By Robert Graham in Rome

A L2,000bn (£791m) plan by an Italo-Japanese-Russian consortium to develop Iran's South Pars gas field has fallen through because Sace, the Italian export credit guarantee organisation, has refused to cover the deal.

Roughly half the contract was to be carried out by Italian companies led by Saipem, the engineering and pipeline subsidiary of Eni, the state oil concern.

The Japanese and Russian partners included Mitsubishi and Machinoimport.

Together they have failed to come up with the required 85 per cent of the financing, and the National Iranian Oil Company, responsible for the remainder of the funds, has dropped the project – at least temporarily.

Sace declined to extend further cover to Iran, where its current exposure is over L6,000bn.

The collapse of the deal underlines the changing role of Sace in providing cover for large overseas projects in countries with political risk.

In the past Sace has been a passive arm of Italian foreign and industrial policy. The organisation was especially used to backing big engineering/public works contracts in countries from which Italy imported oil and gas. Particular beneficiaries were state-owned groups in the Iri holding company and subsidiaries of Eni.

Within the past year, Sace's management has been shaken up following the involvement of senior executives in corruption scandals. In tandem the organisation has moved to impose tougher risk criteria and expand its three categories of country risk to five in line with other EU members.

Effective control has moved to the treasury. The politically-controlled committee supervising its activity, Cipes, has been abolished as part of the Ciampi government's reform of public administration.

Gatt condemns EU over bananas

Import regime under fire as Latin Americans refuse to drop complaint

By David Dodwell, World Trade Editor

A potentially embarrassing report criticising Europe's controversial banana import regime was released last night by the General Agreement on Tariffs and Trade after the collapse of negotiations intended to persuade Latin American complainants to withdraw their backing from the report.

Contents of the report are unlikely to be made public for 30 days, but participants confirmed yesterday that the Gatt report condemns the European Union's preferential trading arrangements with former colonies.

The five Latin American states which last year brought a formal complaint to the Gatt over Europe's banana import regime – Costa Rica, Colombia, Venezuela, Nicaragua and Guatemala – have come under intense pressure from the EU to drop their complaint. Over the past four days, all but Guatemala appeared inclined to bow to EU pressure, which was linked to offers of improved quota access to Europe's protected banana market.

However, at the eleventh hour the Latin Americans backed away from compromise when it emerged it would lead to deep divisions among them.

Apart from Guatemala – which accounts for a tiny 1.5 per cent of EU banana imports and has remained adamantly opposed to the EU proposals, it emerged yesterday that Costa Rica, which accounts for 20 per cent of EU imports, was also paralysed ahead of general elections on February 6.

One Latin American negotiator yesterday voiced regret that no compromise had been possible: "A solution is still necessary," he said. "If time conspired against agreement today, then we must still aim to find a solution in the month ahead."

It was unclear yesterday whether the EU would keep on the table an offer made in December to give Latin American suppliers improved quota access to its banana market. Letters written to Latin American ministers in recent days insisted that the offer would be withdrawn if compromise was not reached before the Gatt panel report was released.

The deadline for releasing the report passed at the weekend. Gatt officials agreed to delay for two days as the EU and Latin Americans sought compromise.

A hard-hitting first panel report on the EU banana import regime was released in July last year. This upheld Latin American complaints and ruled that the Lomé convention of preferential trading arrangements between EU members and their former colonies could not be defended as a free trade agreement or a customs union.

Negotiators have insisted that a Gatt ruling in favour of the Latin Americans would be embarrassing, but otherwise a pyrrhic victory, since the report is unlikely ever to be adopted. Gatt's rules require that a dispute panel report is supported by all Gatt contracting parties before adoption.

Israel in high-tech US deal

Israel and the US yesterday signed an agreement to expand high-technology co-operation for commercial profit, reports Julian Ozanne from Jerusalem.

The agreement provides for the establishment of a 14-member US-Israeli science and technology commission of officials, academics and experts to encourage joint ventures in high-technology projects, scientific exchanges and assist in adaptation of military technology for civilian products.

Mr Ron Brown, US commerce secretary, who signed the agreement said the new body would "bring together some of the world's finest and most innovative minds in ways that will generate new products and new technologies".

Major defends role in dam contract row

By Philip Stephens and James Blitz

Written evidence suggesting Mrs Margaret Thatcher's government linked a huge aid package to Malaysia with the sale of British arms has been unearthed in Whitehall in the wake of the political row over the Pergau Dam project.

Mr John Major yesterday vigorously defended his role in giving final approval in 1991 to the financing of the controversial project to build a £300m hydro-electricity station on the banks of Malaysia's Pergau river.

Earlier this week Mr Tim Lankester, the permanent secretary of the Overseas Development Administration said he had opposed the decision as a "waste of taxpayers" money.

But he was overruled by Mr Douglas Hurd following consultations between the foreign secretary and Mr Major. It is understood that Mr Hurd was advised by government lawyers that the deal did not involve a breach in the law preventing overseas aid being used directly to purchase arms.

The Foreign Office has consistently denied that the then Thatcher government, which agreed in 1989 to finance the Pergau project a few months after signing a £1bn framework accord on military sales, linked the two deals. Government policy prohibits any link between aid offers and weapons contracts.

But it emerged yesterday that while the denials have been accurate in a strict sense, the government did in early 1988 tie the offer of a large aid package to the prospective arms deal.

The Pergau project, though not mentioned specifically at the time, was eventually financed from this package.

Documents detailing the link have been uncovered in both the Ministry of Defence and the Foreign Office.

The papers, potentially deeply embarrassing to the government, pre-date a formal letter sent to the Malaysian government in July 1988 saying that the offer of aid and the prospective arms deal were not tied together.

It is understood that the letter, sent by Lord Younger, the then defence secretary, reflected official concern that the earlier papers did represent a breach of government policy.

Civil servants were particularly alarmed by the relaxed attitude about any link adopted by officials in Mrs Thatcher's Downing Street Office. The letter was designed *to provide a public defence* against charges that the rules had been broken.

In the Commons yesterday, Mr Major made it clear that he had felt it impossible to renege on an agreement signed by his predecessor. He also defended it as vital to Britain's industry and exports.

Pro Ned is sold to headhunting group

By Norma Cohen, Investments Correspondent

Pro Ned, the Bank of England-backed organisation which encourages the appointment of corporate non-executive directors, has been sold to a leading European headhunting firm and to its own management.

The Bank, which has been the prime sponsor of Pro Ned along with the Confederation of British Industry, the Institutional Shareholders Committee and the London Stock Exchange among others, will no longer be actively involved in specific projects to improve the corporate governance of UK companies.

"All of those broad areas of corporate governance we still believe in," a Bank spokesman said. "Achieving that goal through this particular organisation is less overwhelming than it was 10 or 12 years ago."

Egon Zehnder International, based in Zurich, is to be the new owner of Pro Ned along with the organisation's three managing directors. Its chairman, Sir Adrian Cadbury, will remain chairman for a further year but will not become a partner.

Demand for independent non-executive directors on corporate boards has increased since the release of recommendations by a committee headed by Sir Adrian. That report recommended that each board have at least two non-executives who are genuinely independent of management.

Last August, the Bank of England is said to have approached several executive search firms about a possible purchase of Pro Ned after concluding that it was no longer effective for it to remain with its current sponsors.

Although Pro Ned has a high public profile because it has championed the cause of corporate governance, it has failed to market its search services as do commercial executive search firms. It has also suffered from the image of an inbred organisation.

"It has always been thought of as a 'jobs for the boys' organisation," said one of its sponsors.

The sponsors chose Egon Zehnder because it seemed to have the "culture and fit" and had pledged to continue to promote a role for non-executive directors of UK and European companies. It will also maintain modest fees for small and mid-sized companies seeking independent non-executives.

Treasury 'help' for deaf charity

Mr Kenneth Clarke, the chancellor, and Mr Eddie George, the governor of the Bank of England, yesterday helped launch a £3.5m appeal on behalf of the National Deaf Children's Society, with a ceremony at the Bank of England Museum in the City of London.

The charity hopes that around a quarter of its Gold Rush appeal target will be raised through tax relief on donations, which would make the Treasury one of the largest single contributors.

NDCS director Ms Susan Daniels, emphasised that the Treasury was an important *benefactor for charities.* "For instance, legacies made in wills to charities are not taxed and as such represent a loss to the taxman," she said.

The appeal coincides with the charity's 50th anniversary and funds raised will go towards a programme of regional expansion.

Bank of England governor Eddie George and chancellor Kenneth Clarke at the launch of the NDCS Gold Rush appeal yesterday

Hurd to address FO staff over pay

By Robert Mauthner, Diplomatic Editor

Mr Douglas Hurd, the foreign secretary, is taking the unprecedented step of addressing a meeting of his department's entire London-based staff to try to reassure them about pay, career prospects and redundancies.

Some 1,000 staff are expected to attend next Monday's meeting, which is said to be the first of its kind organised in the Foreign Office. It is due to be held in the magnificent setting of the Durbar Court, the restoration of which was undertaken under Mr Hurd's predecessor, the then Sir Geoffrey Howe, now Lord Howe.

The meeting is taking place at the request of the diplomatic service's Whitley Council, representing the various staff unions, which has expressed increasing anxiety about the future of the staff at a time of financial retrenchment in all government departments.

Characteristically, the Foreign Office would say only that the secretary of state has agreed to give "a general *address to the staff which will* focus in part on management and administrative issues".

It is no secret, however, that the department will have to make some staff cuts as a result of the financial constraints imposed on it by the Treasury and that that has had a demoralising influence inside the Foreign Office.

Other developments, such as the "market testing" programme of several Foreign Office departments, to see whether they could operate as privatised agencies, has also worried some of the staff.

Although the meeting has been billed as a general address by the foreign secretary to his staff, it would be surprising if anxious civil servants were not to take the opportunity of asking Mr Hurd some searching, and possibly embarrassing questions about their career prospects and pay.

Lockheed raises stakes in bid for Hercules replacement

By David White and Paul Betts

Lockheed, the US aerospace group, said yesterday UK companies would make up to 15 per cent of its proposed new version of the veteran Hercules transport aircraft, the C-130J.

Launching a campaign to secure a £750m-£900m RAF order for 30 Hercules, the company said the UK *share would be roughly the same as* on the rival European project, the Future Large Aircraft.

British Aerospace is lobbying for government backing for the European venture, seen as a military counterpart to the Airbus family of commercial airliners.

Lockheed and its UK partners estimate the UK would obtain £1.2bn worth of work from the C-130J programme on a "conservative" forecast *of 400 sales* worldwide, "significantly more" than the value of the UK purchase. They claim the programme would support 1,500 British high-technology jobs.

The RAF has about 60 older Hercules. The Ministry of Defence, expected to decide by the end of the year whether to refurbish or replace half this fleet, is due shortly to invite a formal bid from Lockheed.

Lockheed has so far signed up 18 UK companies for the project, including GEC-Marconi, Hunting, Westland, Lucas and the TI subsidiary Dowty, which will make the propellers. Further British contracts are under discussion.

The UK companies have already invested about £70m in the programme in which Lockheed is investing about £300m.

Lockheed is looking to the UK as the lead customer for the four-engine aircraft, outwardly much the same as previous Hercules, which has been in service since the 1960s.

Other customers include Australia, with an initial requirement of 12 aircraft, New Zealand, and Saudi Arabia. The US is also believed to have a requirement for about 250 aircraft to replace older Hercules transports.

BAe, which fears it will be forced out of the European FLA project if the UK government continues to refuse to back it, is understood to have declined an invitation to join the Lockheed programme.

However, Mr Gordon Williams, chairman of Hunting Aviation, part of the Lockheed consortium, said yesterday the C-130J project was not in conflict with the FLA. The European aircraft would be a contender to replace the second batch of RAF aircraft, he said, but would not be available until about 2003.

Plans to boost rail freight services

By Charles Batchelor, Transport Correspondent

A package of measures designed to improve the viability of rail freight and to encourage private operators to run freight services is to be announced by the government today.

Grants to encourage companies to set up private freight terminals and to switch freight from road to rail are to be increased four-fold to more than £40m over the next three years. The government is also to auction off surplus freight locomotives and rolling stock to companies which want to break into the freight market.

Details of the plans will be unveiled by Mr Roger Freeman, transport minister, in a speech to the Chartered Institute of Transport today.

Mr Freeman is also expected to announce that a regulation raising the permitted weight of trucks delivering to rail terminals from 38 to 44 gross tonnes will be put to parliament before the end of January. It should become law by the time freight shipments begin through the Channel tunnel in March.

The value of grants to boost rail freight shipments will be £43m over the next three years starting at £13.3m in 1994-95 and rising to £15.4m in 1996-97.

This money comprises the freight facilities grant, an old, established subsidy to help private operators set up rail terminals, and the track access grant, a new subsidy to help rail freight operators meet charges for the use of track.

The freight facilities grant, which was previously applied to freight removed from urban roads and single lane carriageways, has been extended to cover dual carriageways and motorways. It will be calculated on the basis of 5p per lorry mile saved.

The Rail Freight Group, a lobbying organisation representing nearly 100 users of rail freight, transport companies and equipment manufacturers, welcomed the increase in grant but questioned the wisdom of spreading it fairly equally over the three years. If the first year's access grant is fully taken up, and committed for subsequent years, there will be none available for companies applying in years two and three, it said.

It also said the decision to extend the scheme to motorways was welcome, though the mileage allowance was half of what it had been hoping for.

The auctioning off of surplus BR stock was also crucial to the entry of new freight operators, the group said. But it was important that usable assets were put up for sale and not just locomotives and rolling stock which were ready to be scrapped.

Freightliner, BR's loss-making domestic container business which has been offered for sale, has attracted a good level of interest from potential private buyers, Mr Freeman said. Government subsidies to this company would continue.

Car sales in the UK will be boosted strongly during the 1990s by an increase in single-person households and the numbers of cars per household, a MORI poll of more than 1,700 motorists indicates, John Griffiths writes.

Motorists' buying intentions over the next two years, examined by MORI as part of its research for the annual Lex Report on Motoring, indicate a relatively quick return to annual sales of more than 2m cars last seen at the end of the 1980s. The record of 2.3m car sales in 1989 may be broken by the end of the decade.

After 1989 the UK market underwent its steepest post-war recession, plunging to 1.59m within two years.

It recovered more strongly than expected last year to 1.78m. Lex Service, the vehicle importer and distributor which controls more than 100 dealers in the UK, yesterday launched its annual report by predicting further growth to 1.9m sales this year.

However, Lex executives believe MORI's findings reinforce their belief that this year's recovery could again outpace industry expectations to reach sales of 2m.

MORI's research found that, for the first time in three years, surveyed drivers expected the number of cars in their households to rise. Some 40 per cent of households currently have more than one car. If MORI's research is borne out, the average will rise from 1.54 cars per household now to 1.6 in two years.

Crime against retailers costs £2bn

By Neil Buckley

Crime cost UK retailers £2bn last year, and knocked about a quarter off their profits, according to the first comprehensive survey of the problem, published yesterday.

The British Retail Consortium said retailers lost £560m through recorded crimes in the financial year 1992-93, based on a survey of 54,000 shops accounting for almost half of all UK retail sales. The figures do not include police, court and other costs.

Retailers also lost £1bn of goods through unrecorded crimes, and spent £370m on security equipment and anti-crime measures.

Shops detained 1.2m customers in connection with crimes, and some 28,000 of their own staff.

"External" crime, including customer theft, burglary, arson and robbery, comprised 54 per cent of the total cost, while "internal" crime such as staff theft accounted for 27 per cent. Crime prevention accounted for 19 per cent.

The problem of retail crime was highlighted last year by Mr Stanley Kalms, chairman of electrical goods retailer Dixons, who warned that shops were being forced to adopt "vigilante" tactics.

Mr Keith Ackroyd, chairman of the consortium, said yesterday the problem was growing.

"Crime is one of the most serious and costly problems faced by the industry, in terms of direct losses of product, of the cost of preventative measures and, most worryingly, in the increase of violence and injury to staff," he said.

"Ultimately it is the consumer and society at large that bears these costs."

Mr Ackroyd said the consortium would use the data from the survey in co-operation with police and local authorities to develop a programme to counter crime.

That would include advice on industry best practice for retailers, as well as local and national schemes.

The survey found a total of 2.1m criminal incidents affecting shops last year – the equivalent of six incidents for every shop in the country.

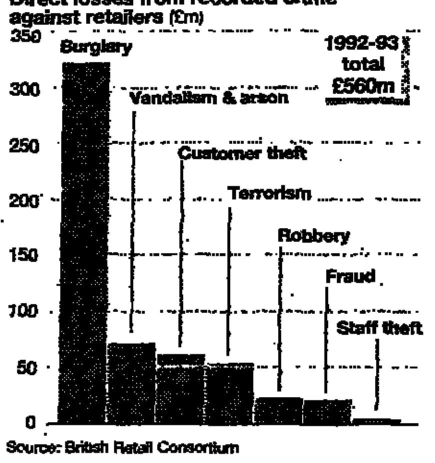
More than 1.5m of these were thefts by customers.

The consortium said the answer to the problem was not necessarily tougher laws or a clampdown on shoplifters.

"If every shop thief was handed over to the police, the whole criminal justice system would grind to a halt," said Mr James Mays, director-general of the consortium.

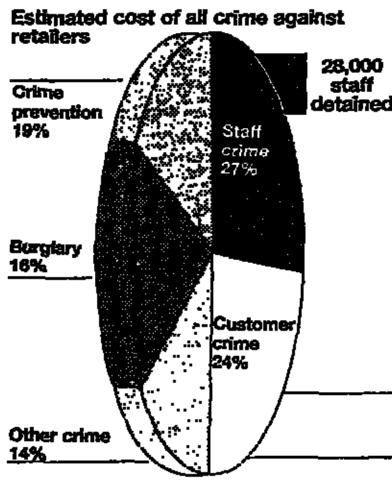
Retailers count the cost of crime

Direct losses from recorded crime against retailers (£m)



Source: British Retail Consortium

Estimated cost of all crime against retailers



Survey findings:

- Retail profits would have been 23% higher were it not for the cost of crime
- For every ten shops there were six burglaries, eight times the burglary risk to the average household
- Six in every 100 premises experienced robbery
- 37% of customers suspected of crime and 44% of staff suspects were dealt with by retailers themselves
- The total number of suspects dealt with internally – and whose cases did not come to court – was 450,000
- Some 14,000 staff were subjected to violence and there were 106,000 threats of violence

Britain in brief

Peers warn of clash over justice bill

Peers warned the government last night that it faced embarrassing defeats in the House of Lords unless it initiated radical changes in the bill to improve the effectiveness of magistrates' courts and the police.

Lord Taylor of Gosforth, the Lord Chief Justice, led demands for amendments to proposals in the police and magistrates' courts bill seeking to subject magistrates' clerks to fixed contracts and performance-related pay.

He insisted that this means of seeking improved efficiency could have "no place" in a judicial context.

Treasury and business to meet

Senior officials of the UK Treasury are to meet 70 senior industrialists next month to answer charges that they are too secretive and have become divorced from the business community.

The meeting has been arranged for the Treasury by the Whitehall and Industry Group, a charity funded by the government and 64 big companies. It comes as part of a broad effort by the Treasury to seek better contacts with business people after criticism that it has made mistakes in economic policy in recent years.

Britain faces ILO censure

Britain is likely to be condemned by this year's conference of the International Labour Organisation in Geneva over alleged breaches of international conventions on union rights, the Trades Union Congress said yesterday.

If the ILO condemns Britain, it will be the first time in the organisation's 75-year history that it has censured a western industrialised democracy for not upholding labour standards it has agreed to accept.

The latest complaint from the TUC concerns clauses in the Trade Union Reform and Employment Rights Act that came into force last autumn. The TUC has written to the ILO arguing that the act violates ILO convention 87 on freedom of association by imposing an obligation on a union to admit to membership individuals or groups whether the unions want to accept them or not. It also complains about the act's provisions that further limit the right to strike.

The Royal Mint yesterday issued a coin to commemorate the 50th anniversary of the D-Day Landings.

The Royal Mint said that about 25 per cent of the proceeds from the sale of the 50p piece will go to the annual Poppy Appeal of the Royal British Legion, the organisation which helps ex-service people.

The coin depicts Allied forces heading for the Normandy beaches to take part in the invasion of France on June 6 1944.

The coin costs £1.95. A silver version is being sold for £23.95 and a gold version for £375.

Scots business optimism grows

The mood of businesses in Scotland is continuing to improve as the Scottish economy emerges from recession, the quarterly Scottish Chambers Business Survey says.

The manufacturing and wholesaling sectors reported the fastest rises in demand in the last quarter compared with the previous one. The construction industry also showed increased optimism, while businesses in retailing and tourism were more cautious about their prosepcts.

Orders taken by manufacturing companies rose, especially from the domestic Scottish market, a further sign that the Scottish economy is improving.

The survey, which is analysed by the Fraser of Allander Institute of Strathclyde University, the economic forecasting body, shows investment by manufacturers in plant and machinery continuing to rise and expected to improve further.

Extradition law change likely

The Irish government is expected to approve amendments to extradition legislation, which will close legal loopholes that have blocked the extradition of IRA suspects to the UK from the Irish Republic.

Government officials said yesterday the cabinet would approve the amendments this week, and that the new bill would be published before the Dáil, the parliament, resumes next week.

Food export drive launched

The government yesterday launched a drive to boost food exports to Continental markets in an effort to close Britain's £6bn food and drink trade gap.

Mrs Gillian Shephard, agriculture minister, said: "We have the lion's share of the UK market. But in other European countries our share is only around 5 per cent of the food they import."

Food producers and processors will be able to apply for grants of up to £150,000 to help them win new markets under the government's expanded marketing development scheme, worth £6.4m over two years, to be launched in April.

Football club seeks investors

Sunderland football club has advertised for substantial major investors.

The club is heading for a loss of up to £2m in the current year on turnover of about £5m.

Mr Geoff Davidson, club secretary, said yesterday: "We aren't really looking for anybody prepared to put in less than £500,000."

Jim Smith's allegation of contracting irregularities was vindicated, yet he lost everything. **Richard Donkin** reports

Whistleblower's cautionary tale

The parliamentary report paper is yellowing with age, but Jim Smith treasures its contents as if they referred to events which happened yesterday. The text outlines his efforts to expose defence contracting irregularities that helped the UK government recover more than £1m in over-paid profits and led to changes in contracting procedures that saved millions more.

Smith has little else to treasure. Identified as a whistleblower, he is now a corporate outcast because he used insider knowledge, gained as a director, to alert authorities to questionable practices at his company.

When his allegations of excess profiteering from defence contracts were highlighted by the Public Accounts Committee in the mid-1980s he was hopeful of receiving some compensation and picking up the pieces of a shattered career.

Today he is penniless, evicted from his home of 20 years, ostracised by companies that once courted his talents, ignored by a government that valued his help and all but forgotten by the professional bodies to which he belonged.

"I did what I knew to be professionally and ethically right. I cannot halt the suffering. Losing the house was terrible," he says.

Smith's story is particularly relevant at a time when there is growing anxiety in the UK about unethical corporate behaviour. Public Concern at Work, the recently established charity which advises whistleblowers, said in a report this week that a third of the calls to its office during its first month of operation concerned corruption and potential fraud.

Even when an individual's claim is vindicated . . he can still be abandoned and forgotten

Smith's case demonstrates that even when an individual's claim is vindicated and he is supported by apparently powerful organisations, he can still be abandoned and forgotten. At one stage in his campaign for government compensation, for instance, he had the support of more than 300 MPs who signed an early day motion calling for government compensation. That all-party support and the recommendation for compensation from the PAC, however, failed to move the Ministry of Defence, which had benefited most from his actions.

The Institute of Directors (IoD) – of which he is a member – and his professional body, the Chartered Institute of Management Accountants (Cima), also backed him but the campaigning subsequently ran out of steam.

Smith's fate seemed unimaginable 42 years ago when, as a young school-leaver, he joined the family company that became Ferranti International as a trainee accountant. Within four years he was working with senior directors planning the company's financial future.

He became expert at methods of defence contracting and helped the company over one of its most difficult times in the 1960s when it was forced to pay back excess profits on a contract for Bloodhound missiles. In that case, Smith believes the profits had been fairly earned but the company was anxious to keep on friendly terms with the MoD. "I learned then what damage could be done to a company by an inquiry into its costing methods," he says.

After joining the board of a US-owned, UK-based defence company he first encountered what he considered unethical behaviour. He had raised about £1m through the MoD's progress payments system to help company cashflow on specific contracts, but the US parent wanted to use the cash elsewhere. Smith alerted the MoD and the payments were postponed.

By this time he had left to set up a company doctoring service which advised companies on cash flow. In 1974 he was approached by John Heywood, an ex-management colleague at Ferranti who had become the chief executive of the Horstmann Gear Group. Smith helped the group purchase a UK defence company, Aish, based in Poole, Dorset, and became a director in the same year. Shortly afterwards, he found evidence of over-pricing in a contract won by Aish. He insisted that it was rectified and the figures adjusted in the accounts. He estimated the company would have to pay back £1m to the MoD.

Smith says his approach had the support of Heywood, Aish's chairman, who he says also wanted him to make the position clear to the MoD. The chairman was absent on sick leave, however, in June 1981, when Smith was called to a group board meeting to ratify a set of accounts which did not allow for the overpayment. "When I refused they frog-marched me out of the building, held in an arm lock. I was instantly dismissed," he said.

Aish told the PAC that Smith was made redundant because his specialist expertise was no longer needed and that Smith had lost an unfair dismissal claim – and subsequent appeal – at an industrial tribunal. The company also said it had approached the MoD about the excess profits before the ministry was passed evidence by Smith.

Heywood, the one man in the company powerful enough to persuade the board to reverse its decision, died three weeks after the meeting. By this time Smith had met with MoD officials and outlined the problem contracts. He says the company only admitted the overpricing two years later when the tribunal was about to hear his unfair dismissal claim.

This last point was accepted when Smith took his case to the PAC in parliament. His stance was vindicated when it published a report supporting his action and calling for a "hot line" to encourage whistleblowers to report malpractice in defence contracts. Aish repaid £421,000 to the MoD and a further £600,000 was deducted during price renegotiations. An MoD investigation in 1983 decided there was insufficient evidence of criminal activity and that it was a matter for contractual redress.

The MoD may have tightened its procedures but it did nothing to help Smith. He says his former customers no longer used him as a consultant for fear that it could upset their relationship with the MoD. "As soon as you are branded a whistleblower you have an uphill battle to be compensated because people think you are a sneak but that wasn't the case at all for me. It was the people who did the dirty on me that forced the issue. I had been tasked to ensure they did not do anything amiss. I did the right thing."

Losing the industrial tribunal, unusually heard in camera, was perhaps the most severe of Smith's setbacks. Another blow was evidence from MoD officials refuting his contention that he had raised the matter a year before any approach by the company. The discrepancy in the evidence was never reconciled. Nevertheless, Sir Gordon Downey, then comptroller and auditor general in 1985, concluded: "Mr Smith's allegations clearly had a significant impact on the volume and effectiveness of MoD's post costing activity with this firm."

There remains a feeling among some who helped Smith at the time that he was badly treated but that avenues which might have put right the wrongs have been exhausted. Andrew Hutchinson, principal research officer at the IoD, said his organisation tried to help Smith. He says: "We did our best to encourage his creditors to be reasonably lenient with him on the grounds that he had been put into this position through acting on principle."

He adds: "I could see no particular reason to suppose that the situation was anything other than what he had alleged. It had all the appearance to me of a fairly good civil service snow job."

Cima admits it might have done more to help. A note left by an official in the case file says: "The institute was simply not in a position to champion Smith's cause." Bunny Warren, assistant secretary, who was not an official at the time, says the institute was not wealthy enough. "He was up against a big company which would have been prepared to take senior legal advice and be represented to make sure they didn't lose the case." He says the institute provided loans and grants to Smith and was unlikely to pursue them for repayment. It is also paying a weekly sum that is kept low so that it does not affect payment of his state benefit. "If you look at it in the hard light of day I suppose we should have done more," says Warren.

The only new interest now comes from Public Concern, which wants to revive government interest in Smith's case. Guy Dehn, director of Public Concern, says: "If anyone in the US had done what he did they would have been paid a very large sum of money. They certainly wouldn't have been dismissed and ruined."

Smith's experience, though, is not untypical of whistleblowers. In perhaps the most famous example, Stanley Adams was awarded £200,000 compensation from the European Commission after he exposed illegal price-fixing by Hoffman La Roche. His whistleblowing led to a suspended one-year jail sentence under Swiss industrial espionage laws in 1976 after the suicide of his wife who had feared a much more severe sentence.

According to a survey of 87 whistleblowers in the US six years ago some 17 per cent of them lost their homes, 8 per cent filed for bankruptcy, 15 per cent filed for divorce and 10 per cent attempted suicide.

Aish itself was sold by Horstmann and became Widney-Aish. Michael Windsor, current executive chairman of Horstmann, says he knows little about the case, but comments that no good had come of it for the company.

Consult across Europe

Judging by the latest UK Management Consultancies Association survey, the market for consultants continues to mirror economic recovery. But what sort of work are clients demanding?

One admittedly anecdotal answer was offered this week at a meeting in London of the members of ECN, an alliance of eight national management consultancy companies with offices in 10 European countries. ECN, whose combined fee income of about £50m last year puts it among the top 20 European players, claims mutual servicing of customers among its companies, multinational projects and the exchange of know-how make it more than just a routine consultants' lunch club.

What was striking at the meeting was the different regional experience. The two Scandinavian firms, for example – Carta Corporate Advisers of Stockholm and Sami of Helsinki – have found that there is a strong strategic bias in their territories as companies seek to expand internationally. This was not the picture elsewhere in Europe.

In Germany, said IBB International of Cologne, the demand for expertise in linking organisations from east and west after unification is now tailing off. "Cost optimisation" work of the kind familiar to the UK in the early 1990s is of greater interest.

In France and the Benelux countries clients are increasingly seeking to quantify the returns from using consultancy services. In France there is growing interest in innovation, while the significance of the public sector has increased in the Benelux countries.

As for the UK – where the ECN member is the accountancy firm Stoy Hayward – managing director Michael Grunberg says the "catchphrase remains process re-design", though he says people differ on whether this refers to incremental improvements or a complete re-design.

Tim Dickson

BUSINESS AND THE ENVIRONMENT

Castle casts a chemical spell

A UK cement maker is turning waste into fuel, writes **Andrew Taylor**

Close to Pendle Hill, the bare limestone outcrop where the celebrated Lancashire witches are purported to have cast their spells, Britain's second largest cement manufacturer has been working on its own brew.

Castle Cement, which supplies about 3m tonnes of cement annually in the UK – about a quarter of the country's production – has developed a formula to turn waste industrial chemicals into a safe fuel at its Ribblesdale works. The fuel is used to fire kilns which bake limestone and clay to produce a clinker which is ground to produce cement.

Castle says its new product, called Cemfuel, could cut its energy costs by up to 30 per cent. It has reduced the company's sulphur dioxide emissions by 20 per cent and nitrogen oxides by 50 per cent.

In spite of some local protests about burning a fuel derived from chemical waste, the process has been approved by the pollution inspectorate, which has been involved with the project throughout. Peter Weller, general manager for Castle in charge of the development, says there has been no increase in halogens, metallic and hydrocarbon emissions or dioxins as a result of the experiment.

The company, which has invested £1.5m in the project, expects a pay-back within three years. It says that US companies, which have developed similar formulae, burn up to 80 per cent industrial wastes in their kilns, although it does not expect to achieve this rate in the UK.

The waste chemicals used in Cemfuel are hydrocarbons, including solvents, mostly produced by pharmaceutical, chemical, paint and printing ink companies. The fuel is supplied to Castle's recipe by the solvent recovery companies Solrec, CMR and Safety-Kleen. The cement company is paid to use the fuel. If the waste materials were not converted to Cemfuel they would have to be disposed of expensively by being burned in an incinerator or buried at a landfill site.

Cement kilns operate at more than 1,400°C compared with 1,100°C for waste incinerators. Tests initially involved the company burning 25 per cent Cemfuel to 75 per cent traditional coal fuel. It is now experimenting by burning half waste-derived fuel to half coal.

Cement manufacturers have worked hard in recent years to reduce costs by closing uneconomic plants and cutting labour forces. Filter presses have been introduced to remove the higher water content found in chalk which had made it more costly to process than limestone.

Sophisticated electronic temperature and moisture controls have also been installed to reduce manufacturing costs during the worst recession to hit the UK construction industry for more than half a century.

Energy accounts for a quarter of the price of a tonne of cement, prompting companies to investigate alternative fuels in a bid to reduce overheads further. Castle has also used petroleum coke, widely used in the US as a substitute for coal. German cement manufacturers burn a wide range of detritus in kilns including domestic waste, says Castle. Paper sludge is burned in Denmark while some US companies burn rice husks.

Castle, which is owned jointly by Aker of Norway and Euroc of Sweden, says that chemical industry waste has the potential to supply up to 150,000 tonnes a year of the new fuel, although it does not expect it will be able to obtain all of this.

Castle consumes about 400,000 tonnes of solid fuel annually. In total, UK cement manufacturers burn about 2m tonnes a year. Weller says: "The aim has been to reduce costs in the most environmentally beneficial way possible. It is very pleasing that we have been able to achieve this objective so successfully.

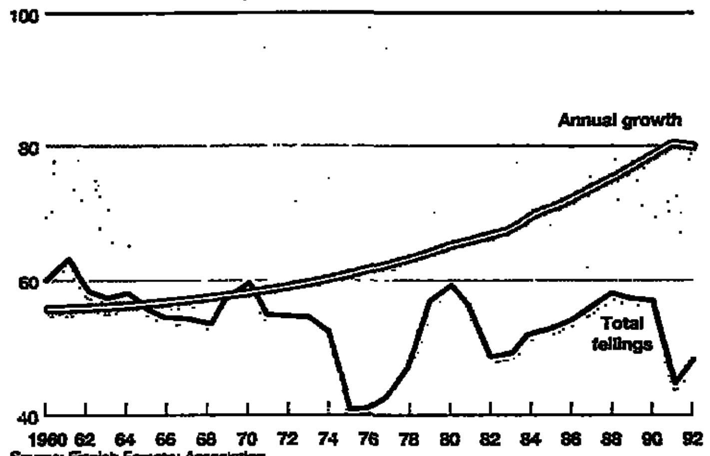
"There are a number of possible fuels which could be used in kilns. Continuity of supply is as important as the energy and environmental efficiency of the fuel."

Finland's forestry industry is taking a beating over its management methods, writes **David Lascelles**

Finns on a limb

Finland's forests

Forest balance 1960-92 (million cu.metre)



Source: Finnish Forestry Association

Finland's forestry and paper industry has been shaken by accusations from abroad that its forest management methods are destructive and its paper mills environmentally unfriendly.

Last November, an article in Der Spiegel, the German news weekly, entitled "Plunderers in the north" sent shock waves through the business community and the government. It suggested that Finland, Canada, Alaska and Russia were ravaging their ancient forests with mechanical tree harvesters.

Finland's forestry industry, not surprisingly, has rejected the accusations against it. And there are mutterings in Helsinki about "environmental imperialism" by countries which seek to impose standards on others. Finland, people point out, has had a forestry conservation law on its statute books for decades.

But Finns also have enough experience of the suddenness and force of environmental campaigns to know that their largest industry – wood, pulp and paper products account for 36 per cent of Finnish exports – would be in serious danger if these claims gained strength, particularly since they affect every stage of the paper-making process.

"The market pressures are driven by feelings, not facts," says Heikki Sara, senior vice-president of United Paper Mills, one of the country's biggest paper companies. "It is very important for us to have equal and predictable regulation. This is a very capital intensive business and it takes years to change."

The tremors have reached Jyväskylä, a forestry town in central Finland where, as in most of the country, the bulk of the forest is owned by private individuals, but where unemployment is 20 per cent, making any attack on forestry a threatening prospect.

Kaj Karlsson, director of the woodlands department of Metsäliitto, a large forestry co-operative, says it is pointless for foreign critics to demand that Finland protect its ancient forests. "There is hardly any original forest left in Finland," he says. "That was cut down long ago. What we have now is new growth forest."

Pauli Ahola, a private farmer who owns 360 hectares, fears foreign pressures will lead to a ban on clearcutting. The alternative – harvesting by thinning – would be much more laborious and would render his business uneconomical, particularly with timber prices at their current depressed levels.

Even so, the government recently extended protection to 23,000 hectares of state-owned old growth forest. But it cannot afford to extend this to private farms because there is no money to compensate the owners for lost production.

A point laboured by the Finnish forestry industry is that the replanting rate exceeds the annual harvest by a large margin, and that Finland now has more forest than at any time in its recorded history. But Tony Juniper, habitats campaigner at Friends of the Earth, says it is not sufficient to look at sustainability only in terms of whether the forest stock is growing. Finland's forest management methods, with their replacement of the original growth with trees for industrial use, have threatened species and reduced bio-diversity, he says.

Down the road from Ahola's farm, at the large Kangas paper mill, Pasi Ahonen, the customer service manager, is anxious to keep his share of the German market, where environmentalists have demonstrated outside publishing houses suspected of using non-environmental paper. His company has invested heavily in cleaning up its plant and reducing the use of chlorine as a bleaching agent to meet foreign demands.

"To get into the German market, you have to be totally chlorine-free," he says. "But that adds 5 to 10 per cent to the cost." Until recently, chlorine-free paper commanded a price premium in the central European market. But recession has wiped that out.

But while production methods have been attacked, they can, at least, be remedied. A more deadly threat to Finland's paper industry comes from foreign pressure to raise the share of recycled paper. For example, the European Union recently agreed recycling targets, and Belgium is introducing an eco-tax to promote re-use of waste products.

This not only threatens to undercut Finland's leading export product – virgin pulp paper – but also challenges it to get hold of enough recycled paper to plough back into production to meet other countries' content requirements. With a population of only 5m, but enough paper production to supply a country eight times its size, locally generated waste paper meets only a fraction of industry needs.

Ironically, therefore, Finland now imports waste paper from abroad. One Finnish company, the state-owned Enso-Gutzeit, has even built a recycled newsprint plant in Germany in order to be closer to the supply of waste paper.

Pertti Laine, the vice-president for industrial and environmental policy at the Finnish Forest Industries Federation, says that recycling is now the biggest economic issue for the industry. He is supporting a campaign to promote incineration as an acceptable alternative to recycling or landfilling. Frequent recycling quickly wears out pulp fibres and adds to costs – and you are still left with a waste problem, he says.

On his desk is a brown-grey block of what looks like rubber. It is compressed paper, the product of a technology to transform waste paper into a usable fuel. Paper has almost the same calorific value as coal, he says, and produces carbon to grow more trees. "The Finnish plan is not cradle to grave, but cradle to cradle," he says, using the environmentalist's product life cycle terminology. Finland claims to be one of the few countries in the world which absorbs nearly all the carbon it produces.

However, the industry's attempts to rebut criticism have yet to convince the sceptics. Heidi Hautula, one of the 10 Green Party members of parliament, says the Spiegel article gave a much-needed impetus for change. "Up to now, the industry was only concerned with its image. Now it sees a need for action," she says.

She also wants action from the government: a redrafting of the forestry law to cover leisure uses and protect bio-diversity, limitations on the use of ploughing and pesticides, and so on. Her position is sensitive because such measures would add to the industry's cost and regulatory burden at this difficult period.

Germans question suppliers

Germany's publishers are stepping into the environmental fray after pressure from campaigners to improve the management of forests from which trees are cut to make paper for newspapers and magazines.

Late last year, Axel Springer – publisher of Bild, the daily tabloid, Die Welt and several big regional newspapers and national magazines – fired off a lengthy questionnaire to its paper suppliers on their forest management policies.

The subjects covered by the 17 questions included tree cutting methods, use of insecticides, species protection and bio-diversity, and forest ownership. The answers yielded information which Springer, the biggest newspaper concern in Germany, has published in a 140-page document for its readers and advertisers.

Springer's action, unique in Germany, followed a campaign by the Hamburg office of Greenpeace which opposes many of the practices of the paper suppliers, especially clear-cutting. Greenpeace says it welcomes Springer's initiative and expects others to follow suit.

Publishers like Springer are aware of their readers' concern about environmental issues. Its questionnaire was aimed at communicating the strength of this feeling to its suppliers in Finland, Sweden, Norway, Austria, Germany and Canada.

All answered the questionnaire, in which Springer made no threats about future contracts. "When an important paper buyer does something like this, it sends out signals," says Florian Nehm, Springer's environmental representative.

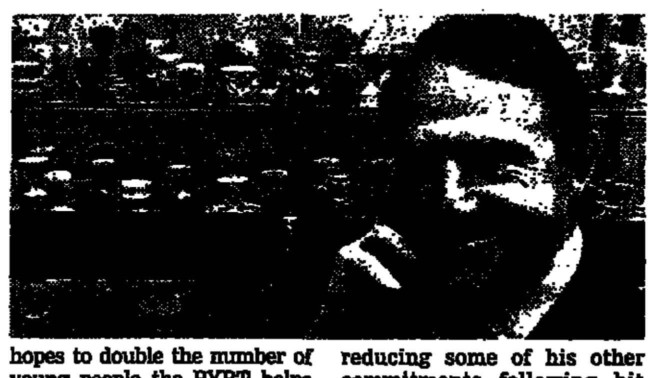
The company will draw up other questionnaires on such aspects of papermaking as plant emissions and use of chemicals.

Publicly, the papermakers have reacted calmly. "I can understand the action of the Springer company very well, being under such pressure from Greenpeace," says Knut Kringstad, responsible for environmental affairs at Norske Skog, the Norwegian paper manufacturer. "It was a very natural thing to ask suppliers how they run their forests."

Andrew Fisher

PEOPLE

Sir Christopher adds to his collection



Sir Christopher Harding, the former chairman of British Nuclear Fuels, will be able to indulge his passion for collecting egg cups in his new job as chairman of the Prince's Youth Business Trust.

The Prince of Wales has asked Sir Christopher to take on the chairmanship of the PYBT which helps young unemployed people start their own businesses. To mark the appointment the PYBT has invited its young entrepreneurs to make an egg cup for the new chairman. So far over 30 have accepted the challenge.

Sir Christopher, 54, takes over in June from Sir Allen Sheppard, chairman of Grand Metropolitan, who has done the job for four years.

Although the PYBT is one of at least ten philanthropic ventures sponsored by the Prince of Wales it is felt to be the one closest to his heart. He has described it as the "largest seed corn agency in the world". It spends around £9m a year helping 3,000 young people with direct financial support, plus a further 25,000 through counselling and 7,000 in continuing care. It has a staff of 220 and 5,000 part-time volunteers. Sir Christopher hopes to double the number of young people the PYBT helps start up in business.

Sir Christopher has been on the PYBT's advisory council since 1988. However, his decision to add yet another chairmanship to his increasingly busy schedule is slightly surprising given that only last week he said he would be reducing some of his other commitments following his appointment as chairman of Legal & General. He is already non-executive chairman of BET and Newarthill and sits on the boards of Hanson, English China Clays, Slough Estates, GEC and joined the board of the Post Office last month.

■ Brian Pearse, who steps down as chief executive of Midland Bank next March, and Malcolm Bates, deputy managing director of GEC, have joined the government-sponsored Private Finance Working Group which was set up at the end of last year.

The addition of the two new names to a body whose aim is to coax private sector investment into public sector projects will help calm initial fears that the body would be dominated by civil servants. Eurotunnel's Sir Alastair Morton, who chairs the new group, has also decided not to invite any financial advisers from the City to sit on the group. He says he did not want to inhibit the flow of views from as wide a variety of City sources as possible.

Apart from Sir Alastair, Pearse and Bates, the other members of the group are: Howard Davies, CBI director general; Allan Gormly, chief executive Trafalgar House; Pen Kent, associate director Bank of England; Sheila Masters, partner KPMG Peat Marwick; Neville Simms, chief executive Tarmac; Bob Dobbie, head of the Department of Trade and Industry's industrial competitiveness division; Gordon Greenshields, director of finance NHS management executive; Peter Mackay, secretary Scottish Office industry department; Steve Robson, deputy secretary (industry) HM Treasury; David Rowlands, principal finance officer Department of Transport, and Eugene Turton, deputy secretary (housing and urban) Department of the Environment.

Taylor to take over at Sun Alliance

Roger Taylor, 52, is to take over as group chief executive at Sun Alliance in succession to Sir Roger Neville. Sir Roger, who is now 62 and has been chief executive since 1987, will retire on June 30. As group executive director since 1989, Taylor has a strategic responsibility for the group's life and general insurance operations. He was previously responsible for the group's UK general business as general manager UK from 1984 to 1988. Taylor joined the group in 1958 and has been a director since 1986.

■ James Crosby, a general manager with Scottish Amicable life company, has been chosen by HALIFAX building society to be managing director of its life operation which it plans to set up next year.

Halifax, the UK's largest society, announced last September that it was planning to end its relationship with Standard Life, one of the UK's largest insurance companies, and would set up its own life company.

The society, which used headhunters in its search for a managing director for the life operation, says that Crosby emerged as the frontrunner at a very early stage.

■ Roger Shillum has been appointed a director in the commercial property services division of Bain Clarkson, part of INCHCAPE. Clark Elderkin and Nick Wilcock have been appointed to Bain Clarkson's Leeds National board.

■ Michael Carpenter, assistant director of Samuel Montagu, and Allan Nichols, insurance analyst, have been appointed finance director and research director, respectively, of London Insurance Market Investment Trust (LIMIT).

■ Steve Furness has been promoted to md of BARCLAYS LIFE on the departure of Jeremy Goford. Don Barratt, financial institutions director, is appointed operations director (network), based in London, and David Cartwright, clearing and bullion services director, becomes operations director (centres), based in Northampton.

■ Roy Townsend has been appointed general manager of NW REINSURANCE on the departure of Leslie Lucas.

■ Guy Boes and Claude Declercq have been appointed to the board of SUN ALLIANCE's Belgian subsidiary.

■ Alan Waterfield has been appointed a director of BRADSTOCK FINANCIAL SERVICES.

■ Paul Laband moves up from deputy to full managing director of ABBEY LIFE Investment Services on the departure of George Yoxall for EXETER INVESTMENT GROUP.

■ Greg Collins, md of Hogg Professional Risks, is appointed to the board of HOGG INSURANCE BROKERS.

■ Arno Kitts has been appointed chief operations executive of The INDEPENDENT ORDER OF FORESTERS UK.

■ Nicholas Boardman and Justin Tweedie have been appointed to the board of ASHLEY PALMER SYNDICATES.

■ John Beer, formerly chief executive, has been appointed md of NORTHERN STAR INSURANCE.

■ Paul Smith, formerly director (marketing and development) at SUN LIFE Financial Associates, has been appointed business development manager (corporate pensions) on the retirement of Brian Symonds.

■ Bob Powell has been appointed md of FENCHURCH North Western; Jeff Davies is appointed chairman.

■ Martin Pettman and Alastair Speare-Cole, who rejoins the company, have been appointed joint mds of STEELE BURRILL JONES' non-marine reinsurance broking unit, which is renamed Meacock Samuelson & Devitt. John Horwell is rejoining as deputy chairman.

■ Andrew Clark has been promoted to property director of ABBEY LIFE Investment Services.

Television/**Christopher Dunkley**

A trip down Quantity Street

Still they come, the new series for the 1994 new year season. In the whole history of British television – scarcely a half century, admittedly – there cannot ever have been so many series launched in such a short period.

Television is still expanding, and even though none of the programmes mentioned here today was provided by a cable or satellite company (apart from news and sport the amount of original material coming from these new sources is virtually nil, which may explain why their share of total viewing is still only 6.5 per cent across the nation as a whole) the development of cable and satellite has nevertheless intensified the competition among terrestrial broadcasters. So has the government's tough attitude towards the BBC and its insistence that ITV be run like a whelk stall.

The result, even if you leave aside such trivia as game shows and soap operas, is a cascade of new programmes so intense that it makes logistical problems for a column such as this. In the past two weeks in this space I have reviewed, however briefly, the drama series *Broadway Stories, Smokescreen, A Dark Adapted Eye, The New Adventures Of Superman* and *99-1*; the comedies *Health And Efficiency* and *Comic Asides – The High Life*; the factual series *Art Of Conducting, Auction* and *Nomads Of The Wind*; and Jonathan Meades' brilliant but uncategorisable *Further Abroad*.

Still queueing for review are the following series, none of them fresh batches of old titles, all of them genuinely brand new:

■ *Family Watch* presented by the oleaginous Robert Kilroy-Silk.

■ *Network First* which ITV is putting in place of such memorable documentary series as *First Tuesday* and *Viewpoint*.

■ An American comedy called *Flying Blind* which contained in the opening episode the lines "That's my idea, a communion wafer with a sort of toffee flavour" and "You mean that my ability to delay my orgasm for two hours counts for nothing?" Try it tonight at 12.10 on C4.

■ *Scotland Yard*, a documentary series indistinguishable from the last six about the police.

■ *Just A Minute* which may be enjoyed by those who liked it on radio, though perhaps not.

■ *The Great British Garden Show* which is equally concerned with flower and vegetable shows and gardening.

■ A bizarre American conjuring series called *The Unpleasant World Of Penn And Teller*.

■ A series on Scottish arts called *The Bigger Picture* presented by Billy Connolly.

■ John Mortimer's drama series set in a London auction house, *Under The Hammer*.

■ *All Quiet On The Preston Front*, a drama series about the Territorial Army.

■ A Channel 4 documentary series about police in Pakistan, *Karachi Kops*.

■ A BBC1 current affairs series with the unnecessarily pessimistic title *Living With The Enemy* about parents and teenage children.

■ Another BBC1 drama series, this time featuring management recruitment: *Headhunters*.

■ A half-hour magazine programme which attempts to handle complex concepts such as Big Bang theory in a popular manner, probably doomed: *Big Science*.

■ Yet another transfer from BBC Radio, *Fantasy Football League*, in which "celebrities" act as managers and "buy" soccer players, gaining points according to what these players do in real life: narcoleptically boring except to football's version of train spotters.

■ A drama series called *NYPD Blue* which has the most explicit sex scenes to emerge from American television, and

■ A slow, underpowered and old fashioned comedy vehicle for Penelope Keith, *Law And Disorder*, in which she plays a barrister.

The result is a cascade of new programmes . . . probably no audience anywhere has ever been offered more

Then of course there is the BBC2 drama, set in a small town in the 19th century, in which everyone gallops around on horses though the railroad is coming: the locomotive steams to the end of the line to deliver the sleepers for the next bit. The town is riven by factions made up of the banker and his cronies, landowners, and a young doctor with modern ideas who has just ridden in from the east. The women, who wear bonnets and bustles and ride side-saddle, are treated as mindless little things waiting for a handsome stranger to arrive on the stagecoach, and the men congregate in the saloon to gamble and drink. Not the wild west, of course, but *Middlemarch*.

The parallels are not merely coincidental. Americans have used the western as a means of considering their national heritage, social structures, political difficulties, sexual mores, and collective ambitions. Judging from the opening episode of this adaptation by Andrew Davies, *Middlemarch* will prove to have many of the same concerns.

It looks wonderful: from the heath scene in the opening shot which was worthy of Constable, to the honeymoon scenes in Rome, from the costumes to the hospital interiors, this is the BBC at its most painstaking and authentic. Some of the country's best actors – Michael Hordern, Patrick Malahide, Elizabeth Spriggs – are as good as you would expect, and the unknowns – especially Juliet Aubrey as Dorothea – are better than we are entitled to expect and will not be unknown for long.

Davies, whose position as top drama adaptor on British television is currently unassailable, has managed to make it sound as though Eliot wrote the dialogue for television. This is, in other words, a splendid example of what we are always being told the BBC ought to be doing. And yet . . . in the past Davies has created his own series such as *A Very Peculiar Practice*, and if ever it came to a choice between another adaptation from 19th century literature and a Davies original I would not need to ponder a second before opting for the Davies.

The list above is not even exhaustive, so we can hardly complain about the amount of new material we are being offered; probably no audience anywhere has ever been offered more. Yet we can and should protest about the type of material. Staying with drama as our example, there is a bleak absence of passion, personal communication, and vision. However high the production values in *Under The Hammer, All Quiet On The Preston Front, 99-1, Headhunters* and *NYPD Blue* – and they are mostly very high indeed – these are all clearly formula works which have been created to win ratings.

Though there was certainly pleasure in watching this week's yarn in *Under The Hammer*, about a puritanical wife who chucked the nude-adorned silver salt into the lake in Cromwell's time and today's killjoy wife who followed with the Petrus '61 (all topped off by John Wells' cosy little cameo as the obit vulture) you could never mistake it for something that Mortimer felt he *had* to write . . . unless of course his accountant insisted.

Similarly with *NYPD Blue*, and the story of the ageing cop with an obsession and a dangerously regular date with a prostitute, there was never any sense that creator Steve Bochco had any purpose more serious than repeating the success of his previous series, *Hill Street Blues*. It is slick and watchable and passes an hour effortlessly, but it has no challenge to make, nothing fresh to say, no determination to engage with the viewer.

Patrick Malahide and Juliet Aubrey as Casaubon and Dorothea in 'Middlemarch'

As for *Headhunters* and *All Quiet On The Preston Front*, they look as though they could have been made to fulfil quotas. We have had dramas built around oil men, bankers, psychologists (and of course policemen; *99-1* is yet another police series which, contrary to the impression conveyed by Episode 1, appears now to be simply more of the same old crime guff) and somebody at the BBC must have flicked through a careers book and realised there had never been a series about headhunters. Unfortunately the most interesting aspect of the opening episode was Francesca Annis's accent which swung alarmingly from French to American and back.

Drama series about life in the Army and the RAF have also appeared in the last couple of years, so the Territorial Army hardly comes as a surprise. But *All Quiet On The Preston Front* is another series which shows no indication of a desire to do more than attract good ratings.

More television may be better than less if it means more choice, but in this new age of market driven broadcasting it seems ominously clear that the increase in quantity is going to be at the cost of quality.

Theatre/**Alastair Macaulay**

Brecht's fragmentary Fatzer

Fatzer, the hero of a play that Brecht neither published nor finished, is an innocent non-conformist. Not that he is eccentric. Simply, he insists, "I can't go on doing what is fine for me and does harm to you"; and a choral commentator remarks that he is not a "mind-of-the-masses man." Yes, an archetypal Brecht hero; and his dissent links him to other such heroes of German drama as Woyzeck. All around him you see society at its most brutish. Evil flowers naturally; sex is an unfeeling and animal function; aggression is everywhere.

After Brecht's death, the "Fatzer" fragments were arranged into a montage by the German playwright Heiner Müller, and now the Gate Theatre is presenting them as translated and directed by Marc von Hemming. The main impression this version leaves, however, is not of content but style.

Alastair Muir

Style rather than content: Sarah D'Arcy in Primitive Science's production

The play has seven performers. At any time in the action, two or three of them are standing at lecterns on the periphery of the stage. They don spectacles, and at regular intervals chant a kind of chorale that either tells us what will happen or comments on what did happen. Sometimes their text sounds Biblical, sometimes like a Greek chorus, sometimes in word-cycles almost worthy of Gertrude Stein. But they chant it like Daleks. Brechtian humanity is missing.

Meanwhile the scenes that occur in the centre of the stage show us society reduced to its most empty. Men, when asked where they have come from, answer "Wherever we've come from, think of it as Hell's back yard." When one woman says to another "Have you no shame?", the other replies "How would I know? I haven't had it touched in years." Everyone seems to be commenting on themselves even while they are in the middle of things. Brechtian irony is never absent. But the text keeps drawing attention to its own literary style – "I am to them a foot, no more./ That dangles from its ankle, dead . . ." – and the actors keep end-stopping in mid-sentence to show us how Brecht's language consists of lines.

There are also expressionist effects that strike me as un-Brechtian. The set is composed of barren earth. Early on, the two women are seen lying, immobile and face down, on this earth; when they make efforts to rise, they promptly fall back splat to the ground. This obvious metaphor, straight out of the German movement theatre of such people as Pina Bausch – as are the heeled shoes the women wear – is too leaden to succeed in Brecht, as are several other heavy symbols.

Should Brechtian theatre be alienating to this degree? And should alienation be this boring? For oh, this production keeps hitting you like a dull cosh – for 90 minutes, with no interval. The seven actors belong to Primitive Science, a company founded by von Henning last year and focusing on 20th-century European theatre. The production makes you feel less like a theatregoer than a student.

At the Gate Theatre, W11. **Ends February 5.**

Concert/**Max Loppert**

Roll fulfills early promise

In 1963, at the tender age of 17, Michael Roll won the first Leeds piano competition. After that his career developed erratically – there is a revealing examination of this, and the progress of subsequent Leeds winners, in Wendy Thompson's riveting 1990 history of the competition (published by Faber) – and in recent years he seems to have cut a low profile on the London musical scene.

The full house for Sunday's Queen Elizabeth Hall recital showed, however, that Roll has not lost contact with the London piano-loving public. Not having heard him play for some years, I must confess to being entirely unprepared for the authority he demonstrated throughout the concert. Mea culpa! In a programme of Classical masterworks – Beethoven's Op. 26 Sonata and "Eroica" Variations in the first half, the mighty Schubert B flat Sonata in the second – Roll established from the first note his genuine, concentrated and absolutely distinctive command of instrument and music.

This stamp of personal authority could be recognised in the sound-world the pianist creates, with its crystalline pianissimos, forcefully delineated attack leading to sharp-edged yet not brutal climaxes and incisive articulation. Every note is scanned to justify its place in the larger musical scheme, every figuration-pattern to provide more than mere textural underlay.

From his first note he established a genuine, distinctive command of the piano and music

In the variation-structures of both Beethoven works, this produced a sense of unfolding adventure that carried with it an exhilaration, a feeling of "going somewhere" by no means commonly achieved. Occasionally it also resulted, I felt, in an over-insistent quality to Roll's phrase-shapes: the middle episodes of the "Eroica" Variations seemed too self-conscious in their punctuation to disgorge the full measure of pawky good humour.

But this response should be understood as a matter of personal preference rather than criticism; on its own terms the authority of Roll's Beethoven brooks no argument. His Schubert likewise: the tremor of unease filtering out from under the melodies was sustained and built upon in a manner that allowed the last movement to attain its place as a genuine, and utterly invigorating, completion to the whole edifice.

It was not a consoling Schubert reading. Questions were left thought-provokingly open at the end. This alone provided an impressive token of Mr Roll's mature mastery.

INTERNATIONAL ARTS GUIDE

■ BONN

Oper The main event this week is the premiere on Sun of Gian-Carlo del Monaco's new production of Les Contes d'Hoffmann, conducted by Dennis Russell Davies. Repertory includes Valery Panov's production of Prokofiev's ballet Cinderella, Yuri Lyubimov's staging of Jenufa and Lortzing's Der Wildschütz (0228-773667)

■ COLOGNE

Philharmonie Tonight: Guarneri Quartet plays string quartets by Arriaga, Beethoven and Ravel. Tomorrow: Margaret Price song recital (0221-2801)
Opernhaus Sat: Cosi fan tutte. Jan 29: first night of Harry Kupfer's production of Shostakovich's The Nose (0221-221 8400)

■ COPENHAGEN

Royal Theatre Tonight, Sat: Cosi fan tutte. Tomorrow, Fri, next Mon, Tues, Thurs, Sun: Helgi Tomasson's new production of Sleeping Beauty. Next Wed: revival of Nielsen's Maskarade (tel 3314 1002 fax 3312 3692)

■ DRESDEN

Semperoper A new production of Prokofiev's ballet Romeo and Juliet, choreographed by Stephan Thoss, opens on Sun. Repertory also includes Les Contes d'Hoffmann, The Bartered Bride and Elektra. Lazar Berman gives a piano recital on Fri (0351-484 2323)

■ FRANKFURT

Oper Tonight, Sun: Nikolaus Lehnhoff's production of Lohengrin, with cast including Thomas Sunnegardh and Anja Silja. Tomorrow, Sat: Die Fledermaus. Fri: William Forsythe's ballet The Loss of Small Detail (069-236061)
Alte Oper Tonight: Pierre Bartholomée conducts Liege Philharmonic Orchestra in works by Hindemith, Schumann and Mahler, with piano soloist Nelson Freire and soprano Barbara Schlick. Tomorrow: René Kollo sings operetta. Fri: Ira Bernstein and New Step Dance Show. Next Tues: Canadian Brass. Next Wed: Gidon Kremer. Jan 30: Thomas Hampson (069-134 0400)
Jahrhunderthalle Hoechst Sat: Giuseppe Sinopoli conducts Philharmonia Orchestra in works by Mahler. Jan 28: Dionne Warwick. Jan 29: Leonard Slatkin conducts Bamberg Symphony Orchestra (069-360 1240)

■ GOTHENBURG

Konserthuset Tomorrow, Fri: Leonard Slatkin conducts Gothenburg Symphony Orchestra in works by Ives, Barber and Mahler, with soprano Linda Hohenfeld. Sat afternoon: Esa-Pekka Salonen conducts Swedish Radio Symphony Orchestra in Lindberg, Beethoven and Stravinsky (031-167000)

■ HAMBURG

Staatsoper Tonight, Sat: Fidelio with Gabriela Benackova, Thomas Moser and Matti Salminen. Tomorrow, next Tues: Don Pasquale. Fri, next Wed: Johannes Schaaf's production of Entführung. Sun: La boheme (040-351721)
Musikhalle Fri, Sat: John Eliot Gardiner conducts North German Radio Symphony Orchestra in works by Stravinsky and Mahler. Sun morning, Mon evening: Horst Stein conducts Hamburg State Philharmonic Orchestra in Strauss' Metamorphosen and Alpine Symphony. Next Tues: Midori violin recital. Next Thurs: Gidon Kremer (040-354414)

■ LEIPZIG

Opernhaus Tonight: Il barbiere di Siviglia. Fri: Stravinsky ballet evening, choreography by Uwe Scholz. Sat: Boris Godunov (0341-291036)
Gewandhaus Tomorrow, Fri: Kurt Masur conducts Gewandhaus Orchestra in works by Brahms and Tchaikovsky, with piano soloist Elisabeth Leonskaja. Sun: Elisabeth Leonskaja piano recital. Next Tues: Ralf Weikert conducts MDR Symphony Orchestra in Schubert, Mahler and Beethoven, with baritone Wolfgang Holzmair (0341-713 2280)

■ LILLE

Nouveau Siècle Tomorrow, Fri: Matthias Bamert conducts Orchestre National de Lille in the premiere of a new work by Yves Prin, plus music by Cherubini and Berlioz. Jan 28, 29: Yehudi Menuhin conducts Bach's B minor Mass (2012 8240)

■ LYON

Opéra Tonight, tomorrow, Fri, Sat: Kent Nagano conducts Maguy Marin's Lyon Opéra Ballet production of Coppelia. Jan 28: Nagano conducts orchestral concert with soprano soloist Margaret Price. Feb 8: Thomas Hampson song recital (tel 7200 4545 fax 7200 4546)
Auditorium Jan 27, 29: Eliahu Inbal conducts Mahler's Seventh Symphony (7860 3713)

■ MARSEILLE

Opéra Fri, Sun afternoon, next Tues: José van Dam sings title role in Petrika Ionesco's production of Der fliegende Holländer (9155 0070)

■ MONTE CARLO

Salle Garnier A new production of Yevgeny Onegin, conducted by Lawrence Foster and staged by John Cox, opens on Fri with Dmitry Hvorostovsky in the title role. Repeated Sun afternoon and next Tues (9216 2299)

■ MUNICH

Staatsoper Tonight, Sat, next Tues and Thurs: Cav and Pag with Janis Martin, Piero Cappuccilli and Vladimir Atlantov. Fri: John Cranko's production of Prokofiev's ballet Romeo and Juliet. Sun: Don Giovanni with Thomas Hampson and Jane Eaglen. Jan 31: first night of Tom Cairns' new production of Un ballo in maschera (089-221316)
Gasteig Tonight: Giuseppe Sinopoli conducts Philharmonia Orchestra in Mahler's Ninth Symphony. Fri: Hans Graf conducts Salzburg Mozarteum Orchestra in Beethoven, Mozart and Mendelssohn. Sun: Polish State Opera production of Die Zauberflöte. Next Tues: Esa-Pekka Salonen conducts Swedish Radio Symphony Orchestra in Berg and Bartok. (089-4809 8614)

■ OSLO

Konserthus Tomorrow, Fri: Mariss Jansons conducts Oslo Philharmonic Orchestra in works by Tveitt and Saint-Saens, with violin soloist Frank Peter Zimmermann. Sat: Semyon Bychkov conducts St Petersburg Philharmonic Orchestra. Jan 26: Maurice André. Jan 27, 28: Jansons conducts Brahms and Shostakovich. Feb 11: Sinopoli conducts Mahler (2283 3200)

■ SAINT-ETIENNE

Grand Théâtre Next Wed, Fri, Sun: Patrick Fournillier conducts Nicolas Joel's production of Roméo et Juliette, with Luca Lombardo and Nuccia Focile (7725 3518)

■ STOCKHOLM

Konserthuset Tonight, tomorrow: Andrew Davis conducts Royal Stockholm Philharmonic Orchestra in works by Haydn, Schoenberg and Elgar, with soprano Rosemary Hardy (tickets 08-102110 information 08-212520)
Berwaldhallen Tomorrow: Esa-Pekka Salonen conducts Swedish Radio Symphony Orchestra in works by Berg and Beethoven, with violin soloist Gidon Kremer (08-784 1800)
Royal Opera This month's repertory includes La traviata, Cosi fan tutte and Elektra. Götz Friedrich's new production of Lohengrin opens on Jan 28 (tickets 08-248240 information 08-203515)

■ STRASBOURG

Théâtre Municipal Sat, next Mon, Wed, Fri: Sylvie Brunet sings title role in new production of Gluck's Iphigénie en Tauride, conducted by Louis Langrée and staged by Patrice Caurier and Moshe Leiser (8875 4823)

■ STUTTGART

Staatstheater The main event this week is the premiere tomorrow of Johannes Schaaf's new production of Rigoletto conducted by Ingo Metzmacher, with a cast led by Wolfgang Schöne, Gabriel Sadé and Catriona Smith (repeated Jan 23, 25, 28, 31, Feb 10, 12 and 24). Repertory also includes Elektra, Giselle and a new Renato Zanella ballet entitled Mata Hari (0711-221795)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

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Super Channel: FT Reports 1230.
TUESDAY
Super Channel: West of Moscow 1230
Euronews: FT Reports 0745, 1315, 1545, 1845, 2345
WEDNESDAY
Super Channel: FT Reports 1230
THURSDAY
Super Channel: West of Moscow 1230; FT Reports 2130
Euronews 0745, 1315, 1545, 1845
FRIDAY
Super Channel: FT Reports 1230
Sky News: FT Reports 2030
SATURDAY
Sky News: 0330; 1330
SUNDAY
Super Channel: FT Reports 2230
Sky News: FT Reports 1730; 0430

Edward Mortimer

Blocs on the horizon

The notion of an 'east Asian economic caucus' is gaining ground

In *Nineteen Eighty-four* George Orwell imagined the world of the late-20th century divided into three blocs: Oceania, Eurasia and Eastasia. Basically similar in their domestic totalitarian systems, they nonetheless flourished by depicting each other as deeply alien, hostile and threatening. At any given moment two of the blocs would be allied against the third, but every now and then the alliances would suddenly be reversed, preserving a rough but unstable balance.

The actual late-20th century, whatever its other faults, has so far been mercifully unlike Orwell's vision. Yet the spectre of "blocism" continues to haunt us. Time and again we are warned of the danger that, having disposed of the cold war, the industrialised world will now arrange itself into three great regional trading blocs, dominated by Japan, the European Union and the US; and that all other countries will have to attach themselves to one or other of these blocs if they are to survive economically.

The EU raised this spectre first. Its common external tariff, and its delegation of negotiating power in trade matters to a single, supranational authority, made it look a bit like a bloc. Plans for the single market, when first announced in the mid-1980s, prompted much talk of "fortress Europe" in other parts of the world, even though what was involved was the removal of internal non-tariff barriers and few if any new barriers to external trade were erected.

Now the North American Free Trade Agreement, even though it stops far short of a common market, let alone a political union, has aroused similar fears and suspicions in Asia. And of course the rest of us, well aware that east Asia is much the fastest expanding market in the world today, are anxiously on the look-out for signs that east Asia might be closed to us, with Japan seeking once again to turn it into a private hunting ground.

The spectre loomed extra large in the closing stages of the Uruguay Round of the Gatt trade liberalisation talks, when mothers took to scaring their children with warnings that unless they took their free-trade medicine at bed-time they would wake up in a cold, unfriendly three-bloc world. Specially recalcitrant children had to be scared with creepy variations in the plot.

Last November, for instance, C. Fred Bergsten, a leading US economist, told a European audience that they should realise the alternative to success in the Gatt talks was not a three- but a two-bloc world, with the US and Asia ganging up against the Europeans.

Shortly before Mr Bergsten's warning, Mr Warren Christopher, US secretary of state, had delivered a similar message, reminding western Europe that it was "no longer the dominant area of the world". The main evidence for this proposition seemed to be that "there is a lot of criticism coming from western Europe, but I don't see or hear it coming from Asia".

Asian leaders think the region has more to teach the west than to learn from it

Mr Christopher should listen more carefully. There is a rising tide of criticism from Asia, not perhaps of his personal performance, but of the US and indeed of "the west". Malaysian prime minister Mahathir Mohamad is the best-known critic, but Mr Lee Kuan Yew, former prime minister of Singapore, is not far behind. Such leaders think that Asia now has more to teach the west, about virtues such as "discipline, loyalty and diligence", than to learn from it about democracy or human rights.

Mr Mahathir has for years been campaigning for an "east Asian economic caucus", so far without much success: he was alone in his boycott of the recent Asia-Pacific Economic Co-operation summit in Seattle. Japan has firmly refused Mr Mahathir's invitations to take the lead in any kind of economic bloc. It is all the more interesting, therefore, to find that Mr Mahathir's ideas are taken seriously by Mr Ogura Kazuo, head of the economic affairs bureau in the Japanese foreign ministry, who last July called for "a new concept of Asia", or "Asian restoration".

This emerging regional consciousness is underpinned by a strong sense of economic achievement, and also by rapidly strengthening economic ties within the region. In a paper prepared for last weekend's UK-Japan 2000 Group conference, Mr Eiichi Matsumoto, a former vice-chairman of the Bank of Tokyo, points out that "Japan is increasingly replacing the US as an absorber of Asian manufacturing products", while the fast-growing Asian countries themselves "now mutually absorb their manufacturing products in an enhanced intra-regional trade".

Yet "Asia" as a region is even less clearly defined than "Europe". It usually denotes the Pacific rim countries, inhabited by people with yellow or brown skin and a Confucian or Buddhist cultural heritage, overlaid in some cases with Christianity or Islam. South Korea, Japan, China, Philippines, Vietnam, Thailand, Malaysia, Singapore and Indonesia are clearly core members, but in some contexts India and/or Australia can also be included.

The formation of these countries into any kind of bloc remains highly implausible, and so long as they remain the world's most dynamic exporters they can have little interest in such an arrangement. What does seem likely is that Asians will be more prone to define themselves as such in political and cultural terms. Like Europeans since the 1960s and for much the same reason – a combination of economic success with an awkward feeling of political inferiority and cultural insecurity – they will seek, in schizophrenic fashion, both to "stand up to" the US and to retain it as ally and trading partner.

THE FT INTERVIEW: John Jackson, chairman of Ladbroke

Self-reliant streak to Jack of all trades

When Mr John Jackson was a schoolboy, one of his teachers said to him: "Jackson, if you're not careful, you'll become an absolutely useless dilettante."

Mr Jackson, 64, who became chairman of Ladbroke at the beginning of this year, sternly denies any charges of dilettantism. Whether studying plants, butterflies, walking in the Himalayas or running companies, he insists that each task gets his full attention.

Nevertheless, as the chairman of seven quoted groups and London solicitors Mishcon de Reya, the director of several other companies, and part owner of the magazine History Today, he is open to the charge that he cannot possibly master them all.

Mr Jackson is part of a small group of UK businessmen who have become professional chairmen and non-executive directors. After 28 years with the British subsidiary of Philips, the Dutch electronics group, he realised he would rise no higher than the UK board and decided to look for non-executive appointments. Philips gave him an office, a secretary and a parking space.

His current chairmanships include: Graseby, the electronics group; Celltech, the biotechnology company; Howden, the engineering group; Brown & Jackson, owner of the Poundstretcher discount retail chain; Wyndeham Press, a printing and packaging company; and the computer services concern, SD-Scicon. He is also a director of marketing services group WPP, among others.

By his own admission, chairing a company is a full-time job. He says: "A chairman is neither executive or non-executive. He's a chairman 24 hours a day."

How can all his companies get 24 hours a day? By managing his time rigorously, he can ensure that each company gets sufficient attention, he insists. Mr Philip Swinstead, founder of SD-Scicon, says: "He has this fantastic ability to compartmentalise his mind and switch with each telephone call to another compartment."

As to Mr Jackson being useless, shareholders in Ladbroke – whose interests include betting shops, Hilton International hotels and the Texas Homecare do-it-yourself chain – currently think otherwise.

Mr Jackson earlier this month achieved what many despairing Ladbroke observers had considered impossible: he persuaded Mr Cyril Stein, head of the company for nearly four decades, to step down from the board.

While few dispute Mr Stein's role in building up Ladbroke from a small high-society betting agent to its current status as an employer of 53,000 people, many had tired of the group's secretiveness. One analyst recalls a results presentation when Mr Stein accepted three questions and then led the board out of the room.

Last September, Ladbroke said Mr Stein would step down as chairman at the end of 1993 but would remain a non-executive director for three years. Mr Jackson, then vice-chairman, would become chairman.

Almost immediately, it became clear the arrangement would not work. Mr Stein, who was ill when Mr Jackson announced the change, telephoned the FT from his sick bed to say he would still play a leading role in the group's decision-making.

There was similar confusion over who was in charge late last year when Ladbroke made contradictory announcements about whether it would take advantage of the new foreign income dividend scheme. Unlike conventional dividends, foreign income dividends do not carry a tax credit which pension fund investors can claim. Pension fund shareholders' annoyance caused the share price to fall.

Mr Jackson does not regret the original plan for Mr Stein to remain on the board. He says: "I thought it could work. I knew Cyril as being a man of very strong character who was capable of disciplining himself. What I didn't know was whether he would or whether the outside world would give him a chance to.

"The outside world can make life difficult for someone trying to cope with a situation of this kind. It's not malice or wickedness. I think well-meaning people said things to Cyril that made life difficult for him. There were people who made remarks like: 'What are you going to do now, Cyril?'"

Trevor Humphries

Jackson: 'The chairman must be sackable at one second's notice'

How did Mr Jackson persuade Mr Stein to give up his non-executive post on the board as well as the chairmanship? Mr Swinstead says he can guess how Mr Jackson persuaded Mr Stein to go: "I've seen him take tough decisions. I've seen him turn around to someone and say: 'This isn't working. I'm upset, you're upset.' With a smile on his face." In dealing with Mr Stein, Mr Swinstead thinks, "John will have worked away, he will have gone on and on until eventually the unassailable logic of the situation will have got through".

Is that how it happened? Mr Jackson says it became clear in the last months of 1993 that Mr Stein was going to find it painful not to have the last word. "A great deal of harm might have been done to the company and to him. It wasn't difficult to come to the conclusion that there should be a clean break."

He adds: "Many people who have created great companies find it difficult to distinguish between themselves and the company."

Mr Jackson could not be more different. A constant theme of his conversation is an obsession with self-sufficiency, with not being indissolubly linked with a particular company. For example, at Mishcon de Reya, where he has his office, he insists on paying rent.

He traces his interest in self-reliance back to his father's unemployment. Before Mr Jackson was born, his father had worked in Mozambique on a cotton-planting scheme and had come down with blackwater fever.

"He and my mother and my brother and I lived in the [English] West Country in a fisherman's house. We survived by taking in lodgers and living off the sea and allotments. It taught me a hell of a lot about looking after myself," he says.

"That view of life was reinforced during the second world war. It showed me how you could be self-reliant and live with other people in a community. One of the great effects of the war was that it brought people together."

In the 1970s, he devised an exercise in self-sufficiency for his own family: for six years, on borrowed land in Kent, the Jacksons produced their own meat, milk, eggs, vegetables and some fruit. They produced a surplus, which they sold to old age pensioners at reduced prices.

Self-sufficiency cuts both ways. He believes companies need to know when to tell the chairman to go. "The chairman must be the one member of the board sackable at one second's notice. If he's not doing his job properly, his colleagues should get rid of him."

So far, Mr Jackson has been given credit for making Ladbroke more approachable. When, with Mr Stein ill in bed, Mr Jackson announced the group's half-year results last September, analysts recall that he asked one of them whether he was happy with an answer a director had given him. The analyst said he wasn't. Mr Jackson asked the director for more details. It is a sign of the suspicion in which Ladbroke had been held that this was seen as the beginning of a new dawn.

Mr Jackson says the group intends to dispose of its substantial property portfolio, a particular interest of Mr Stein. The group is also considering changing its name. When the Texas chain is more profitable, the group will decide whether it should be retained or sold. Ladbroke's board will have to decide whether to cut its dividend, a move resisted by Mr Stein but regarded by the City as an essential token of the group's prudence and realism.

The City has long feared that Ladbroke's reticence concealed a dark accounting secret. That suspicion is starting to fade. Mr Jackson now needs to dispel it entirely.

Michael Skapinker

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Dangers posed by a larger rouble zone

From Prof Steve H Hanke.

Sir, Your editorial, "Gaidar departs" (January 17), reports that one reason for Mr Yegor Gaidar's unexpected departure from the Yeltsin camp was his objection to the Russian-Belarus economic merger. You correctly conclude that the resulting monetary union poses a serious problem for Russia because the control of rouble credits will be more difficult.

Your exclusive concern with the well-being of Russia and its reformers fails to show the real dangers posed by an enlargement of the rouble zone, however. Since last March, when officials of the Yeltsin government told leaders in eastern Europe not to bother building large embassies in Kiev, Ukraine, because they would be downgraded to consular sections within 16 months, the Yeltsin government's objective of reconstituting the former Soviet Union has been transparent. On January 7, when you reported that Belarus and Tajikistan had been reincorporated into the rouble zone, it became clear the zone would provide Russia with the instrument to put the Soviet Union back together again.

With the exception of Estonia, which followed our advice (see: *Rahareform Vabale Eestile: Valautafondi Lahendus*, Tartu, Estonia: Tartu Ulikool, 1992) and adopted a currency board-like system in June 1992, the independence of the republics of the former Soviet Union is threatened. They are vulnerable to Russian rouble-zone meddling. This is because western institutions and advisers have blindly counselled republics that central banks were the only institutions suited to solving the republics' currency problems. As you reported on January 7 ("Tajikistan swaps Soviet roubles for Russian ones"), this western strategy has been a disaster. Indeed, the failure of central banking in the republics has provided the ever-opportunistic Russian government with the opening it needs to swallow up the republics without firing a shot.

The currency board system is the only way republics of the former Soviet Union can ensure stable currencies and their sovereignty. Lithuania, like Estonia, has realised this. Its government passed a draft law on Credibility of the Litas on December 15 1993. If approved by the parliament, Lithuania will have a currency board which will insulate it from predatory tactics.

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Incomprehensible and unfair tax proposals

From Mr John A Newman.

Sir, More than 400 pages of tax legislation have just been published affecting almost all businesses in the UK. While it would hypocritical of me to complain about the necessity for most businesses to seek professional guidance, I must point out that on any grounds the new tax law is over-complex and even the professionals cannot understand it.

I can give two examples. The transitional proposals in Schedule 18 on the new system of taxing more than 3m self-employed people are incomprehensible and inexplicable. They are also glaringly unfair. Similarly, the treatment of foreign exchange and other financial instruments, which affect a large number of companies trading outside the UK, is very difficult to present clearly to a businessman.

This is bad enough. But there were matters announced in the Budget that are deregulatory. One was the firm commitment to relax audit requirements for some limited companies. This repeal, which might decrease the workload, has no draft legislation as yet. The Department of Trade and Industry advises that a further consultative document will be issued shortly. Our clients are unable to understand why their companies pay more taxes immediately but cannot benefit from audit relaxation from December 31 1993. Another regulatory matter was to move the National Insurance base into alignment with the Pay-As-You-Earn tax base. This is being dealt with by further consultation and legislation which, if anything, widens the divide with no clear time stated.

Am only I disillusioned at how the government has ignored the need for fair legislation, simply expressed?

John A Newman,
chairman,
London Society Practitioner Board,
partner, Chantrey Vellacott,
Friendly House,
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London EC2A 4NB

Accounting for liability limit

From Mr Anthony Holland.

Sir, If accountants are to negotiate limited liability to their clients ("Accountants seek liability limits", January 15), I trust that the results of such negotiations will be clearly set out in their clients' reports and accounts.

Anthony Holland,
Windlesham Manor,
Windlesham, Surrey GU20 6BW

Nigerian government has not abandoned economic reforms

From Prof Jide Osuntokun.

Sir, Permit me to comment on your article "Nigeria turns away from market economy" (January 12). It is not true that Nigeria has abandoned economic reforms. Neither can this present government be accused of abandoning the policy of transparency and financial accountability. The present government headed by General Abacha is in fact conducting in-house probes of key ministries whose functions impact on the economy of Nigeria and is thereby setting the standards of probity and accountability by which this government will be judged by its successor.

The present policy of fixing the rate of the Naira is needed to ensure the financial stability necessary for economic development. Our government's decision to reduce interest rates from the prevailing 45 per cent to between 12 to 15 per cent, coupled with controlled and judicious use of foreign exchange, would lead to an increase in capacity utilisation in our industrial sector from the present level of 35 per cent.

We witnessed in the recent past uncontrolled capital flight as a result of wholesale liberalisation of the banking sector. All the so-called merchant banks were nothing other than foreign exchange traders with little or no interest in production. You will agree the interest rate regime is not the only element of a policy of structural adjustment.

It is true that producer prices of various export commodities may fall because of our decision to fix the Naira rate. However, the anticipated decline in the inflation rate would obviate the effect of this fall. It is certainly better to bring down inflation through increased production in all sectors of the economy rather than encourage trading in paper money which the interest rate hitherto prevailing encouraged.

As for the International Monetary Fund and the World Bank, we have done virtually everything they wanted us to do in the last 10 years without the promised financial assistance. We have put in place a solid policy including cutting bureaucracy, privatisation, abolition of Commodity Boards, increasing the cost of energy by 500 per cent and reducing all social welfare costs. Also, we are presently embarking on measures to ensure transparency and accountability in government. The IMF and the World Bank must accept that a doctrinaire approach to economic development has never worked anywhere, as can be seen in the collapse of the economies in Russia and eastern Europe and those of most countries in Africa, with attendant social cost and political instability. Nigeria hopes the international community will assist in making us a good partner of our trading partners.

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FINANCIAL TIMES

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Wednesday January 19 1994

Job-search in Germany

Slow off the mark they may have been, but it is hard to fault the efforts of chancellor Helmut Kohl and his Christian Democrat colleagues in their search for solutions to Germany's growing economic crisis. There is nothing like an election year to focus the minds of incumbent politicians. Yesterday the governing coalition agreed to another batch of public spending cuts and an "Action Programme" to speed job creation. This 30-point plan, which includes a dose of privatisation and deregulation, looks like being the main element in the coalition's election platform.

Ideally, the coalition would have gone to the polls with a recovery well under way. The best it can probably hope for, after the largest annual fall in output since the second world war, is that the economy will not continue to deteriorate in 1994. But unemployment in western Germany is now 2.5m – 8.1 per cent of the working population and still rising. Millions more east Germans are in either official or disguised unemployment. The risk of electoral disaster for the government and success for parties of the far right is real.

Macroeconomic policy remains far from growth-inducing. The Bundesbank shows little sign of accelerating the snail-like pace of interest rate cuts, despite overwhelming evidence that monetary policy is too tight and that fiscal policy is also contractionary. The recent data suggest that economics minister Gunter Rexrodt's official forecast of 1 to 1.5 per cent growth this year is wishful thinking. The zero growth prediction of the government's independent economic advisers looks much nearer the mark.

What the coalition can do is appear to be trying to affect the employment-intensity of growth. Hence the package of deregulatory measures designed to make it easier to hire part-time workers, to enable companies to hire the long-term unemployed by undercutting minimum wages, to legalise private employment agencies and to clamp down on companies which employ illegal immigrants.

Modest dose

In short, the German government has proposed a modest dose of Anglo-American-style "flexibility". The proposals, following the European Commission's recent employment white paper, have a decidedly Delorsian tinge which should make it harder for the Social Democratic Party to oppose them outright. Moreover, the mood of the German unions is also shifting. The recent wage deal in the chemicals industry involves a modest 2 per cent wage rise and accepted plant-level bargaining over the working week within a 35 to 40 hour range.

Low wages

The structure of Germany's labour market also suggests that the potential for more rapid job creation exists. The Anglo-American experience in the 1980s suggests that liberalising employment regulations encourages companies to hire more women, young people and immigrants to work part-time for relatively low wages in the service sector. Germany has fewer women in work than either the US or UK, a lower proportion of part-time jobs, a smaller service sector and a more compressed wage distribution.

Yet US and British experience shows that relatively rapid growth of service sector employment can co-exist with stubborn male unemployment. While women are going out work, relatively unskilled men are left waiting hopelessly for the return of their old industrial jobs. Germany avoided large-scale job-shedding in the 1980s, but industry is now reducing employment at a rapid rate.

Since German manufacturing starts with a much higher share of total employment than other developed countries, male employment has correspondingly further to fall.

How far depends, in part, on the stance of macroeconomic policy. The longer the Bundesbank uses a high exchange rate to bear down indirectly on service sector inflation, the greater the damage to industry. That service sector inflation has fallen by over 2 percentage points since the summer suggests a cut in short-term rates is now overdue.

Even so, Germany will emerge from this recession with a much large number of long-term unemployed males, especially in the east. This year's election may be too soon for the far right to exploit their unease. But the threat will remain.

BES, EIS and other carrots

Part of the received wisdom about the British financial system since the 1930s is that small and medium-sized companies are starved of funds. A recurring feature of British budgets over the same period has been the unveiling of new fiscal and financial incentives for investment in the small business sector. Mr Kenneth Clarke's November budget was no exception. The question is whether the successor to the Business Expansion Scheme (BES), the Enterprise Investment Scheme, along with the forthcoming introduction of Venture Capital Trusts, will make any more difference than previous initiatives; and, indeed, whether the whole approach is not fundamentally misconceived.

It is easy enough to make the case that the fiscal and financial systems contain a bias against the small end of the corporate spectrum. For much of the time since it was introduced in 1965, capital gains tax has been a powerful disincentive to potential owner-managers and investors. Its present 40 per cent level is one of the highest in the developed world. In practice it can be higher still, since losses cannot be carried back or offset against other taxes. Because the tax is charged on realisation, it has a locking-in effect that distorts investment decisions.

Capital gains tax has thus reinforced the existing fiscal bias to institutional investment, whereby a majority of company securities are owned by insurance companies and pension funds. For them, the effort of managing unquoted investments is disproportionate to the reward; all the more so with difficult types of venture capital such as start-ups. Moreover, insurance company solvency regulations tend to penalise unquoted investments. So, too, does the maturity of occupational pension schemes. With cash flow only marginally covering pension payments, fund managers have to pay greater attention to the liquidity of their investments.

Problem area

The banks, meanwhile, find the bottom end of the corporate spectrum a problem area – witness their huge recent provisions against small business lending. Specialist institutions such as 3I have done their bit. Yet the debate about a financing gap continues.

The BES undoubtedly removed much of the fiscal disincentive to invest in unquoted companies. Relief was available both on the investment made, and on income and capital gains. The same will be true, with variations, in the Enterprise Investment Scheme, but with no relief available for investment in rented housing and a new opportunity for investors to become paid directors, or "business angels". The charge to capital gains on other investments will be deferred if the proceeds are invested in qualifying companies. When the consultative document on Venture Capital Trusts appears shortly there will no doubt be reliefs of comparable attraction.

Below average

Yet the striking thing about the BES is how little investors prospered from the relief. On some estimates only 20 per cent of the 1,300 pubicly funded companies set up under the scheme returned any cash to their investors. That suggests that, if the tax relief really did encourage additional investment in unquoted companies, it was chiefly in projects with below average prospects of showing economic returns. Meanwhile, private individuals have been encouraged to shun quoted shares in favour of unquoted ones.

This is symptomatic of a more fundamental problem about the taxation of savings that successive chancellors have ducked. Income, which is the central element of the present tax base, is hard to define. When the rates of tax on income and capital gains are substantially aligned, as they have been since the 1988 budget, investment decisions may be less distorted. But the accretion of new reliefs and restrictions immediately makes a nonsense of the genuflection to fiscal neutrality.

The best answer would be to move to an expenditure tax, since this eliminates, inter alia, the need to make the difficult distinction between capital and revenue. That, in effect, is how pension funds are now taxed. Extending the principle to the whole tax base would provide a more coherent set of incentives for savings, investment and enterprise. It is overdue for a more sympathetic hearing from the Treasury.

Kevin Done says the Big Three US carmakers are enjoying a renaissance in their expanding home market

Upbeat sounds in Motown

The outside temperatures are sub-zero, and ice floes are drifting down the Detroit River, but inside the US motor industry the heat is on.

By implementing "massive structural changes", US automakers have turned the tables on their foreign rivals and brought about "nothing less than the renaissance of the American automobile industry", says Mr Helmut Werner, chief executive of Mercedes-Benz.

While sales continue to plunge in west Europe and Japan, demand for new vehicles is rising in North America, where the domestic US producers are making the biggest gains, in particular in light trucks, traditionally their strongest market. The previously all-conquering Japanese carmakers have lost market share in the US for the past two years in succession.

Japanese and European vehicle producers are also losing money as the big three US carmakers – General Motors, Ford and Chrysler – are back in the black, to an enthusiastic reception on Wall Street.

The share prices of the Big Three began to climb back from the depths in early 1992, but the pace became hectic last year. In recent days prices have again reached new peaks, as financial analysts returned to New York from last week's Detroit motor show convinced that the best of the recovery is still to come.

The surge has been led by Chrysler, the smallest of the US carmakers, which was virtually written off as a serious competitor in the world industry at the start of the 1990s. The Chrysler share price has risen sixfold in the past three years, jumping from a low of $9.38 at the end of 1990 to close at $61¾ on Monday.

Yesterday the company announced a record pre-tax profit of $3.8bn for 1993, four times the $934m earned in 1992. As recently as 1991 it suffered a pre-tax loss of $910m.

The company has been rejuvenated since the end of the 1980s by a drastic restructuring and a series of successful product launches. "Right now we are having a lot of fun," says Mr Robert Eaton, Chrysler chairman and chief executive. "We were the first automaker to recognise that basic changes were taking place in our industry, and we were the first to prepare for them.

"We began by cutting costs and eliminating waste while preserving future product spending. We sold non-automotive assets. And we began to get lean. But as we trimmed our workforce, we also reorganised into [chassis] platform teams that design cars faster and more efficiently."

Chrysler increased its US car and light truck sales by 19.9 per cent last year to 2.047m in a market that rose by 8 per cent. It raised its market share to 14.7 per cent, the highest level for 23 years, and its latest products such as the Dodge Stratus/Chrysler Cirrus large family car range, unveiled at the Detroit show, are yet to reach the market.

While Chrysler's rise from the ashes has been the most striking aspect of the recovery of confidence in Motown, Ford, the second-largest US player, has also made impressive progress in its home market. It boosted its share of the US light vehicle market – cars and light trucks – to 25.6 per cent last year, its highest level since 1978, and accounted for five of the 10 best-selling vehicles in the US last year.

"The recession is behind us," says Mr Alex Trotman, Ford chairman and chief executive. "There has been steady economic growth for several quarters and there will be more growth in 1994 with low interest rates and low inflation."

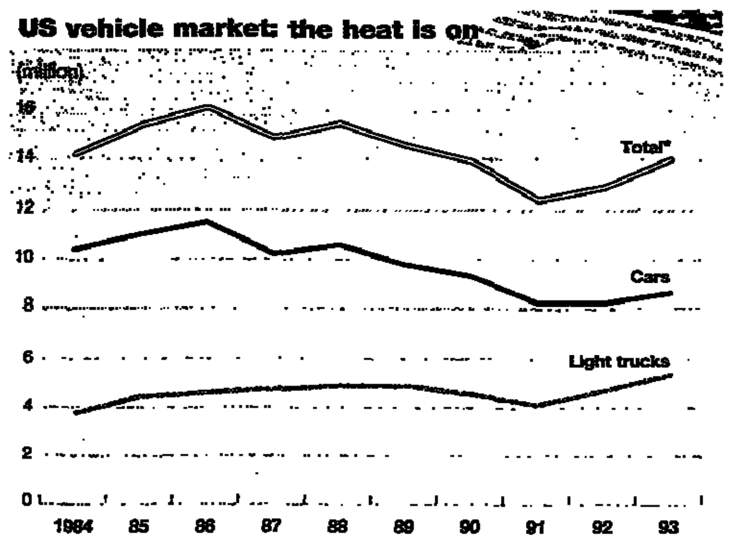
The US new vehicle market rose by 8 per cent last year to 14.2m, the highest level since 1989, and US industry leaders are forecasting further gains this year to 15m-15.2m.

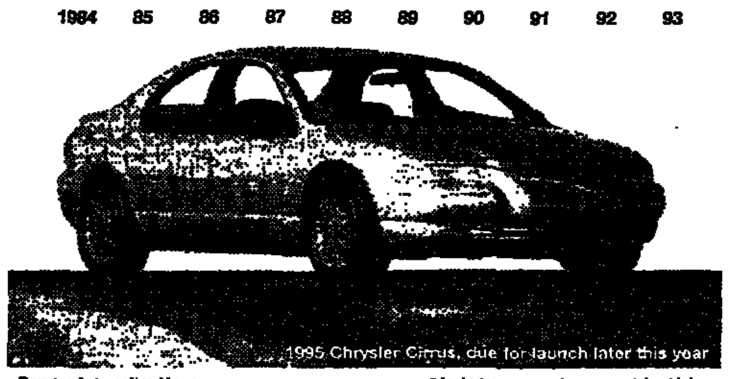
At General Motors, the leading US vehicle maker, it is still too early for celebration, but the stumbling giant of the world auto industry appears to be seeing some light at the end of the tunnel for its North American automotive operations.

GM remains the high-cost US producer and its balance sheet is still weak, but the group's new management team, installed following a boardroom coup in 1992, has at least stopped the bleeding in North America. Mr Jack Smith, GM chief executive, insists that the strategies are now in place that will allow GM "ultimately" to reassert its leadership of the world industry.

GM at least achieved an operating break-even on its North American automotive operations in 1993 before interest, tax and special items, which represented a turnround of more than $10bn from the horrendous losses of the previous two years. The new target is to achieve at least a break-even at the net level in 1994.

"GM's unrivalled size and success made it easy for us to ignore the significance of change and the signs of potential future problems," admits Mr Smith. "The lesson we have learnt is that for unrivalled leaders, success itself breeds the roots of complacency, myopia, and ultimately, decline."




1995 Chrysler Cirrus, due for launch later this year

Source: Automotive News

* Includes cars and commercial vehicles

GM's biggest cost reductions in the short term – $4bn between the end of 1990 and the end of 1993 – have been achieved by consolidating 27 North American purchasing units into one.

The shock waves of GM's drastic moves to cut purchasing costs – led initially by the now notorious Mr Jose Ignacio López de Arriortúa, who moved last year to Volkswagen – are still reverberating through the US components industry, however. "The scar tissue does not heal very fast. Trust must still be rebuilt," says the chief executive of one leading US automotive supplier.

The drive to cut purchasing costs was GM's short-term panic response to its financial crisis. More significant for the long term, it is seeking radically to restructure and rationalise its product development and engineering operations in North America to reduce costs and lead times and to introduce more common processes, systems and parts.

The target is to reduce the total number of its passenger car chassis platforms in North America (excluding its Saturn small car) from 12 in 1991 to only five by the end of the decade.

"We know we won't get there overnight," admits Mr Smith. It is taking time to turn round the cumbersome GM bureaucracy, but belatedly the company is trying to acquire the agility that has been discovered by Chrysler.

GM is already benefiting, however, from one aspect of the current recovery in the North American market, namely the surge in demand for light trucks – the pick-ups, four-wheel-drive sports/utilities and minivans or multi-purpose vehicles (MPVs) – that US consumers are increasingly buying in preference to traditional passenger cars. GM has had to move to three-shift, round-the-clock assembly at some truck plants to meet demand.

Light trucks now account for 40 per cent of US passenger vehicle demand, and it is a sector still dominated by the Big Three. While new car sales rose by 4 per cent to 8.5m last year – still way below the peak of 11.46m in 1986 – light truck sales jumped 16 per cent to a record 5.7m.

Americans' love affair with trucks dates from the 1970s and early 1980s, when successive oil crises forced US vehicle makers to start building smaller, less powerful cars. Mr Roy Roberts, general manager of General Motors' GMC Truck, says that trucks continued to offer "the performance and power that customers wanted", but he admits that US producers have underestimated the strength of demand.

"The sheer size of this infatuation with trucks has caught us somewhat off-guard. The industry has struggled to find the capacity to meet the demand. Right now we have excess capacity for cars and not enough for trucks."

The dominance of the US industry in this sector is greatly helped by a 25 per cent tariff on several categories of light trucks imports, which has helped to keep its Japanese rivals at bay.

Japanese vehicle makers, which had carved out a share of 25.7 per cent of the US light vehicle market by 1991, are now under pressure on many fronts in the US. Most important, they have been forced to increase prices much faster than their US rivals to compensate for the appreciation in the value of the yen. Their market share fell last year to 23.1 per cent.

The resurgence in the US auto industry's fortunes has not been achieved easily, however, and Mr Trotman warns that the world's vehicle makers still face "a severe dogfight. Some producers are not going to survive."

The US industry, so recently itself on the critical list, must now fight to hold its edge. "We aren't smiling about the problems they are having in Japan," says Mr Eaton. "They'll be back... If we let ourselves get caught up in the euphoria of the moment we'll never get where we want to go. And we have a long way to go."

If I were a government minister . . .

PERSONAL VIEW

I was recently discussing the state of the information technology industry in the UK with a trade and industry minister. I had already said that I had not come to seek money – this puts ministers at their ease – but that I thought it was time the DTI, indeed the government, showed leadership with regard to some of the major issues facing industry.

These discussions often cause me to consider what I would do if I were in the other person's shoes. How would I behave if I were a DTI minister? Clearly, I would need to make some broad assumptions: I would be in a government promoting healthy markets, rather than "picking winners"; the government would remain committed to sound money, low inflation and low interest rates; and it would be playing a positive role in Europe.

The principal areas of consideration are:

● **Competition:** First and foremost, the government's role is to ensure that there are a few, simple, transparent and consistent rules designed to promote a competitive business environment.

These should be applied lightly but unfailingly. Since competition has to be seen in a European Union context, the government must vigorously advocate similar rules in those areas where it is appropriate to have an EU-wide policy – for example, state aid.

● **Trade policy:** The UK is still a leading trading nation. It needs open markets for its goods, services and capital investment. Conversely, the UK's market must be fully open too. We must continue to promote open markets in the EU and in the General Agreement on Tariffs and Trade.

But we have a particular responsibility towards our neighbours in central and eastern Europe. It seems bizarre that we maintain aid programmes – such as the UK Know How Fund and the EU's Phare programme – designed to improve their industries, while at the same time denying them full access to our markets.

● **Technological Base:** To be competitive, Britain needs to invest continually in its technological base. This means that the DTI and Office of Science and Technology must share a single, clear vision for the UK as a technology provider and innovator.

The government should mobilise all the considerable science and technology talent in this country behind improving the competitiveness of UK industry. Programmes to encourage innovation and engineering excellence will provide measurable benefits for industry, higher education and society as a whole. The process of nurturing engineering and science talent must start in the schools. The aim would be to develop fine, well-rounded individuals who would strive to be winners.

The government's role is to ensure there are a few, simple, transparent and consistent rules

● **Best practice:** Globalisation of markets continues apace. To ensure the UK stays genuinely competitive, its companies need to benchmark themselves against the strongest competitors.

As a minister I would do everything possible to promote benchmarking: for example, using mechanisms such as the DTI innovation unit. I would work with the Training and Enterprise Councils to find better ways of transferring technological innovation and best practice throughout the business community, linking up with the DTI one-stop shop concept.

● **People:** None of the above will happen unless we have highly skilled, motivated people. Britain needs to put more power behind the Investors in People programme.

By insisting that large companies should be accredited as Investors in People before they can bid for government business, overnight a large percentage of UK-based companies could be motivated to stop pussy-footing over training. After all, the UK's lack of skilled labour and its effect on its national competitiveness are not new phenomena – royal commissions have identified it as a big issue as far back as 1884.

Finally, on the basis that the government should also take the medicine it so freely dispenses to industry, I would implement Investors in People policies throughout government service and back them up with performance-related pay schemes. To eliminate unnecessary red tape, "bureaucracy reduction" would be one of the performance measures and, of course, government would be run as a total quality management operation.

This approach would enable the DTI and industry – "our customers" – to speak the same language. Customer satisfaction could be measured by, perhaps, looking at export performance and job creation figures; or perhaps it should be assumed that the general election is the ultimate expression of "customer satisfaction"?

Peter Bonfield

The author is chairman and chief executive of ICL

OBSERVER

The Rovelli revels

■ *Even in today's Italy, where* recession and corruption scandals have caused many family fortunes to shrink, some have managed to survive. The Rovelli clan is one such. Nino Rovelli, it may be recalled, was the aggressive tycoon whose petrochemicals empire collapsed in 1979. But this week his five direct heirs have received a handsome cheque for L678bn.

The cheque represents the final settlement of a 15-year legal battle involving 12 separate hearings waged by the Rovellis against financial institutions. They were accused of failing to take proper account of the Rovellis' petrochemicals flagship, Sir, when some L4,000bn of debt was called in. The battle with IMI, the treasury-controlled financial services group now about to be privatised, was particularly bitter. Just before Nino Rovelli died two years ago he was reportedly willing to settle for L250bn; IMI then thought it might get better terms.

The settlement now agreed is the largest ever such pay-out – even more so once a L330bn tax deduction is added on. IMI has long set aside covering funds; nevertheless, the Rovelli cheque looks pretty large beside the L2,200bn shortly to be raised from offering 30 per cent of its stock.

The cheque goes to Rovelli's widow, Primarosa, and their four children. Now based in Switzerland, the family has yet to say how it will spend the lucre.

Washed up

■ Of course a price must eventually be paid for the recriminations over who said what at John Major's dinner in honour of departing press secretary Gus O'Donnell.

But until that happens, Major has another bill to foot. The Dinnergate supper will cost his personal bank balance a whacking £1,200.

Last bite?

■ The decision to privatise Pro Ned, which specialises in finding non-executive directors, is rather sad. It may be a rather sleepy organisation but it did provide a sizeable reservoir of non-executive directors where small companies could fish without being charged exorbitant fees by the big headhunters.

Sir Adrian Cadbury, who chaired the committee on corporate governance, will continue as chairman of the new venture, a partnership with Egon Zehnder International. But he is only going to stay for a year or so and after that he says he is severing his ties with the City. His term as a director *of the Bank of England, where he* has been since 1970, expires at the end of next month.

Sir Adrian's impending departure from City life perhaps explains the timing of Pro Ned's latest move.

Marvellous Ma

■ *What would Hong Kong be* without ostentatious displays of wealth and connections? C K Ma, chairman of the Oriental Press Group, plumbed new depths last night in his launch party for the Eastern Express, an English language daily.

Ma, 37, enticed a few hundred *guests to come along and watch* video messages from Ronald Reagan and George Bush. More predictably governor Chris Patten put in a personal appearance. Paul Keating, prime minister of *Australia, Ma's adopted country,* sent a note.

Champagne, Iranian caviar, and lobster were topped off by guests receiving gift packs – including a copy of the new newspaper and a titanium and gold Tiffany's propelling ball-point pen – from an immaculately turned out army of young women.

Like the heirs of Jardine and Matheson, Ma has gone far to live down his family's past association with drug trafficking. His uncle Sik-yu was known as "White Powder Ma"; his father Ma Sik-chun dominated the heroin trade in the 1960s and beyond. Both fled to Taiwan in 1974, where White Powder Ma died in 1992.

Marching orders

■ Amid the claims pouring in from stricken Californian residents following Monday's quake, Lloyd's syndicate Barder & Marsh stumbled *across a shopping list from one* US name, detailing losses of $30,000. Appended to the fax was a request for his London friends to hurry along to Michael Sutty in Burlington Arcade and replace his bone china military band.

Sutty, whose clients include Lady Thatcher, is the only place in the *world where you can buy perfectly* accurate, hand-made bone china replicas of military figures – which set you back up to £6,950 apiece. Half its produce winds up in America but little goes to the West *Coast precisely because of the* wobbly nature of the terrain.

Safe with them

■ William Waldegrave, the British cabinet minister charged with clearing away the cobwebs of secrecy in Whitehall, has a problem. His elegant room in the Cabinet Office contains a large, impregnable steel safe. Does it contain some of Whitehall's darkest secrets? He has no idea: he can't open it because the key has mysteriously disappeared.

The Cabinet Office could take a leaf out of the Treasury's book. The instructions for changing the combinations on the locks to that ministry's safes are so complicated that hardly anybody bothers. Most prefer to retain the safes' original, identical numbers.

No wonder the Treasury gave up budget purdah.

Rictus scale

■ What's the difference between the Los Angeles earthquake and the upheavals at The Independent newspaper?

Nothing; the Andreas fault is supposedly not responsible for either catastrophe.

FINANCIAL TIMES
Wednesday January 19 1994

Italy to face European court over stock exchange rules

By Andrew Hill in Brussels

The European Commission has finally lost patience with the Italian government and opened a European Court case against Rome for failing to change discriminatory stock exchange rules.

Last June, Brussels promised to take action in the European Court of Justice if the rules, which force foreign stockbrokers to set up special offices in Italy, were not changed by January 15.

The Commission confirmed yesterday that the rules had not been changed and that a complaint had been lodged with the Court in Luxembourg – three years after the Commission's first letter of complaint to the Italian government.

The final decision was taken by one of Italy's two commissioners in Brussels, Mr Raniero Vanni d'Archirafi, who is responsible for financial services. "He was convinced we had to do it," said a spokeswoman.

Italian officials said yesterday the government had promised to push through a parliamentary decision on the so-called SIMs law – named after the Societa di Intermediazione Mobiliare, the new type of securities house it created – by the end of June.

"Now the Commission has introduced this letter [to the court], we shall wait and see what the court decides. We don't consider ourselves any longer bound by our commitment [of June 30]," said a Brussels-based diplomat.

The official explained that changes to the SIMs law had been tabled as part of legislation aimed at translating European directives into Italian law. A vote on the draft legislation had been held up by pre-election turmoil in the parliament. He added that Rome had objected on principle to the Commission's attempt to put pressure on national parliamentary procedure.

The UK government formally complained to Brussels about the SIMs law in September 1991, arguing that it was an unacceptable barrier to freedom of establishment and free provision of services in the union. The rules cover equity trading on the domestic market and sale of securities of any type to Italian investors other than SIMs or banks.

Italy's failure to change the rules may come as a surprise as most opponents of the SIMs law had begun to detect a change of heart in Rome, following the adoption of European directives liberalising securities trading last year.

Bundesbank firm on interest rate policy .... Page 2

Chrysler earnings up

Continued from Page 1

series of family-sized saloon cars.

The company now makes substantially more money per vehicle in North America than Ford Motor, while General Motors is losing money in the region. Chrysler yesterday said its pre-tax profit per vehicle averaged \$1,335 in 1993 and \$1,727 in the fourth quarter.

Chrysler's North American car and light truck market share rose to 14.8 per cent in 1993, up from 13.4 per cent in 1992, while its sales increased 19 per cent to 2.27m units. The company has only a small presence outside the US, but its international sales rose 45 per cent to 106,000 units, helped by increased European sales of mini-vans and jeeps.

Mr Robert Eaton, chairman, said Chrysler's priority now was to keep up momentum.

"The economic recovery in the US continues at a slow pace, and our balance sheet still is not where we want it to be," he said.

For the full year, Chrysler reported a net loss of \$2.55bn, or \$7.62 a share, after taking \$5bn of charges for changes in methods of accounting for various employee benefits. Pre-tax profits for 1993 totalled \$3.8bn.

Japan to open up bidding system for building works

Greater access for foreign firms may help avert sanctions by US

By Michiyo Nakamoto in Tokyo

The Japanese government yesterday adopted a long-awaited programme to increase the transparency of the bidding system for public works projects and improve access to the market for foreign contractors.

The move is expected to increase the chances of averting sanctions by the US against Japan for its failure to open its public works market to foreign companies. It came just two days before a US deadline for a decision on whether or not to impose sanctions.

It is unclear whether the measures will be seen as adequate in Washington. A US official said the plan was being reviewed by an inter-agency committee which will give its views tomorrow, the sanctions deadline.

The plan is widely regarded in Japan as insufficient to change either the close relationships between Japanese construction companies and public sector institutions or the country's collusive and exclusive business practices.

Mr Morihiro Hosokawa, Japanese prime minister, said the measures introduced an "historic" change in Japan's public sector works.

Mr Tsutomu Hata, foreign minister, called on his fellow ministers to support the measures, which were "internationally appropriate" and in line with the agreement reached in the Uruguay Round of world trade talks.

The plan, to be implemented in April, calls for the adoption of an open and competitive bidding system for public works projects sponsored by the central government and public corporations which are valued at Special Drawing Rights4.5m (\$17.44m) and for those sponsored by prefectures and specified cities valued at more than SDR15m.

For design and consulting services, the thresholds above which open bids will operate are SDR450,000 for central government projects and SDR1.5m for prefectural governments.

More transparent guidelines on public tendering are to be drawn up by Japan's Fair Trade Commission and the experience of foreign companies outside of Japan will be taken into account in evaluating the eligibility of bids from foreign companies.

Under Japan's present system, only companies which have been designated by the project's sponsors are eligible to bid.

Penalties against unfair practices will be strengthened.Japan and the US will assess progress by foreign companies in winning public works contracts.

The plan opens a substantial proportion of Japanese public works projects to open bidding. Widespread implementation of the new measures will depend to a large extent on the size of the penalties against illicit practices, which will not be decided until later this year. Opportunities for foreign companies are also unlikely to increase substantially without more stringent measures to ensure the independence of those who award projects.

Action against bribery, Page 3

THE LEX COLUMN

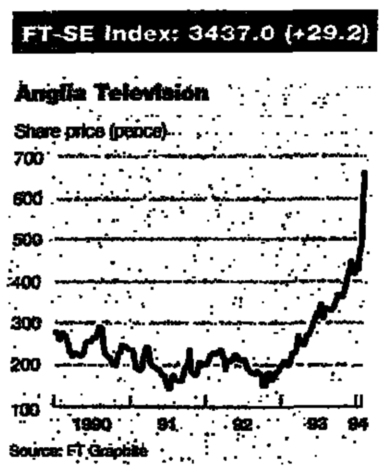
MAI covers the Angles

FT-SE Index: 3437.0 (+29.2)

MAI's agreed bid for Anglia further stirs the pot about the value of media assets, given the full price being paid. The minimum offer price of 637p is 32 per cent higher than Anglia's previous close and more than three times its 1992 low. It represents an exit multiple of about 37 times Anglia's forecast 1993 earnings.

Even so, MAI does not expect the deal to dilute earnings in its first full year. From the outside, it is difficult to judge whether that is realistic. Anglia does have cash on its balance sheet and has valuable investments in radio, BSB loan stock and the Village Roadshow. Once those are excluded, the earnings multiple drops to a plain expensive 27 times. MAI can achieve unspecified cost savings by part-merging Anglia with its majority-owned Meridian franchise. The two stations can wave at each other across the Thames estuary, which should yield savings in regional programming and transmission. But those potential savings may prove less than the margin for error in forecast revenues. The rhetoric used to justify the price sounds worryingly reminiscent of that used in the 1980s to explain the value of advertising agencies.

Still, Lord Hollick has a well-deserved reputation for corporate miserliness and has had a chance to scour Anglia's books. Part funding the deal with convertible preference shares also lends greater financial flexibility. The bid must reflect on Granada's tussle with LWT. It strengthens Granada's arguments about industry consolidation. But it also raises expectations that it will have to pay a touch more.



Source: FT Graphite

Elf Aquitaine

While yesterday's large fall in full-year profits at Elf Aquitaine is a gloomy preamble to privatisation, the stock market was primed to expect the worst. The combination of a weak oil price and European recession was always going to be painful. The asset writedowns which cloud the figures look like a classic case of deck-clearing before new shareholders are invited aboard. With large exploration and production interests – and production rising through the middle of the decade – Elf should be well placed to benefit from any upturn in the oil price.

Other parts of the empire are more difficult to judge. Overcapacity in petrochemicals is likely to hold back Elf's plastics interests, even as economic recovery takes hold. Petrol retailing in France faces intense competition as hypermarkets muscle in. That points to more restructuring if Mr Philippe Jaffré, who took over as chairman in August, is prepared to use the freedom of privatisation. With gearing approaching 50 per cent, he might also question the logic of maintaining Elf Aquitaine's portfolio of shareholdings. Yesterday's writedown of financial assets may not be the last.

Measured against cash flow, Elf Aquitaine looks cheap compared with other big oil companies. But that has been true for some years without prompting a re-rating of the shares. A yield over 4.5 per cent amounts to a more persuasive argument for taking the plunge. Since the company accounts for around 8 per cent of the CAC-40 share index, international investors with a hunger for French equities may be unable to resist.

BTR

Winter must be fading fast if BTR's sudden spurt of spring cleaning is any guide. The company's declared strategy is to concentrate on industrial manufacturing businesses where it has a strongly focused presence. Owning a majority stake in a lucky dip of Canadian manufacturing operations presumably does not fit that bill. Grahams Builders Merchants is equally surplus to requirements and, by the same logic, BTR's other distribution businesses must be edging towards the door.

The disposals also conserve cash, as did the enhanced scrip dividend, though since gearing is expected to fall to 40 per cent this year, that seems unlikely to be the prime motivation. Still, even after tidying up, a large cash bid looks some way off, as does a paper deal given BTR's de-rating relative to the market over the past year.

The purchase of Rexnord shows that smaller acquisitions are still possible. Since the group is apparently not yet quite as Mr Alan Jackson, the chief executive, would like it, such smaller scale shuffling may well continue. That seems reasonable. But BTR has made much of its strength in buying and managing businesses. Shareholders made nervous by change may not like to see the company develop too much of a taste for jobbing assets.

British Aerospace

Rumblings in the undergrowth have put pressure on British Aerospace's shares recently, though it is hard to see why. The company was always likely to rationalise its turbo-prop aircraft operations once new banking covenants were in place. So announcing a £200m write-off to pay for the reorganisation along with BAe's full-year figures would cause little real surprise. Equally, the apparently dashed hope of a new European transport aircraft is little more than a rather unlikely kite which has been flying for some time.

More plausibly, fund managers are simply taking profits in one of last year's most spectacular recovery stocks. Yet looking a little further out, there are reasons to be optimistic. The low point of the defence orders cycle has been passed, and Rover's profits are now finally starting to flow. BAe may still offer better opportunities than the Rolls-Royce bolt hole into which some shareholders are diving.

British Gas

British Gas's 50-year sterling bond issue looks like a clever piece of opportunism. The government has been unwilling to issue long-dated gilts, leaving life insurers hungry for assets which are a match for very long-dated liabilities such as deferred pensions. Yet 50-year liabilities are few and far between for even the largest life office. That points to strictly limited demand for similar securities. With gilt yields the lowest for a generation, though, other companies must be tempted to try their luck. After all, Walt Disney persuaded US investors to suspend their disbelief last year and lend it money for a full century.

Disruption and fear amid LA aftershocks

Continued from page 1

It is fear, however, that is keeping many people from their homes. Aftershocks come by the minute. Most are mild tremors but some, like the 4.7 roller that hit yesterday morning, rock buildings and rattle windows. The jolts may continue for days or weeks, seismic experts say.

"We could sleep in the apartment tonight, but we're not taking the risk," said Mr Juan Magallanes, who drove his van on to the baseball diamond at Reseda Park in Northridge. The Red Cross and other agencies have set up dozens of shelters in schools and recreation centres, providing camp beds and food to displaced people, and handing out bottled water.

The death toll yesterday had risen to 34. In Northridge, 20 miles north-west of the city centre and at the epicentre of Monday's pre-dawn quake, 16 people perished in the "Meadows" apartment building. "All the bodies we found were in bed. They didn't have a chance to wake up," a city firefighter said at the scene. The National Guard and police stood guard outside the wrecked building yesterday morning, deterring sightseers.

A dusk-to-dawn curfew was loosely enforced across the city on Monday night and about 75 people were arrested for crimes such as looting.

Schools remained closed and police chief Willie Williams called on businesses to shut down to reduce traffic on damaged highways. However, traffic jammed routes from the San Fernando Valley to the city centre as commuters struggled to find alternative ways around the devastation.

Skyscrapers in the city centre were barely damaged by the quake and tourist attractions like Disneyland and Universal Studios were unscathed.

In the worst-hit San Fernando Valley, residents continued to swap stories of frightening narrow escapes and courageous rescue efforts. "Three homes collapsed on the next hill," said Mr Neil Dickson, an actor who lives in Studio City.

At the Northridge shopping centre, a multi-storey car park collapsed, crushing a maintenance worker. Freeing him, which took nine hours, became a television drama.

Unlike Hollywood productions, however, this drama has no neat ending. The damage remains, the death toll climbs and the aftershocks keep coming. Picking up the pieces is going to be a lengthy process and one that many residents have yet to find the energy to begin.

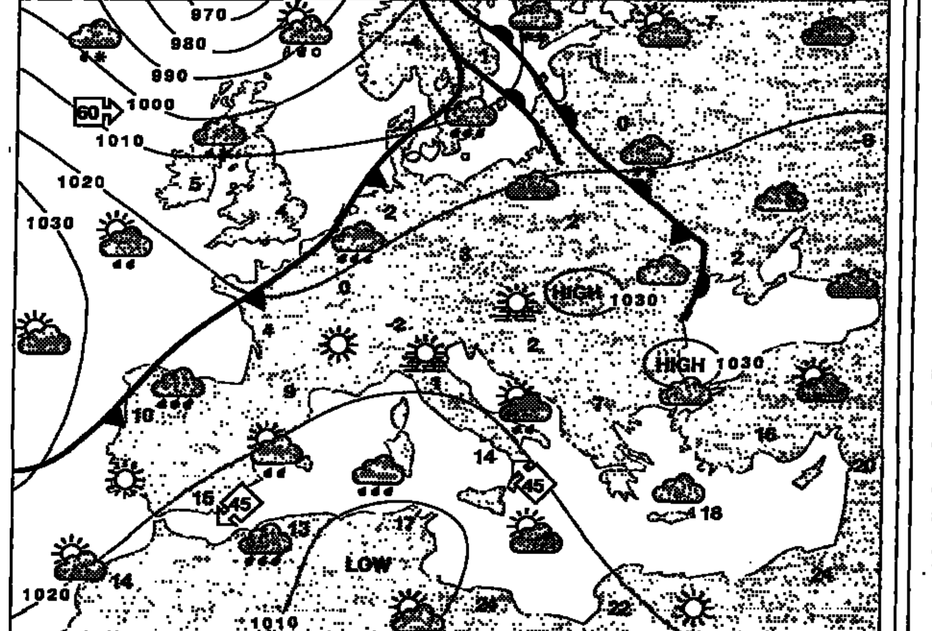
FT WEATHER GUIDE

Europe today

A frontal system associated with active low pressure south-east of Iceland will give overcast skies in Norway, Sweden, Denmark, the Benelux, north-west and western France and north-west Portugal. Northern and central Scandinavia will have snow and, further south, rain. High pressure over the continent will move east, giving plenty of sun from eastern France across the Alps into the Balkans, although there will be fog patches. Low pressure over North Africa will mean showers on the south-east coast of Spain, the Balearics and Italy. The UK will be changeable with wintry showers, especially in northern regions.

Five-day forecast

High pressure over eastern Europe will move into the CIS. Frontal systems from the west will produce cloud with rain or showers. The showers will be wintry in north-west Europe. Conditions will worsen in central and south-eastern Europe with frequent rain in Italy, the Balkans and Greece. Only south-western Europe will remain settled.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	fair	23
Accra	fair	32
Algiers	fair	13
Amsterdam	shower	3
Athens	fair	15
B. Aires	cloudy	28
B.ham	cloudy	4
Bangkok	fair	34
Barcelona	fair	10
Beijing	sun	-1
Belfast	shower	3
Belgrade	fair	4
Berlin	fair	3
Bermuda	fair	20
Bogota	thund	18
Bombay	sun	31
Brussels	rain	1
Budapest	fair	0
C.hagen	rain	4
Cairo	fair	24
Cape Town	fair	28
Caracas	cloudy	27
Cardiff	cloudy	5
Chicago	fair	-16
Cologne	fair	2
D' Salaam	fair	30
Dakar	sun	27
Dallas	fair	8
Delhi	fair	19
Dubai	fair	23
Dublin	cloudy	4
Dubrovnik	fair	14
Edinburgh	shower	4
Faro	sun	14
Frankfurt	fair	-2
Geneva	sun	-5
Gibraltar	fair	15
Glasgow	shower	4
Hamburg	cloudy	3
Helsinki	fair	-4
Hong Kong	cloudy	15
Honolulu	cloudy	26
Istanbul	fair	8
Jersey	rain	6
Karachi	fair	25
Kuwait	sun	21
L. Angeles	sun	24
Las Palmas	shower	20
Lima	cloudy	27
Lisbon	fair	10
London	cloudy	6
Lux.bourg	ice	-3
Lyon	sun	-7
Madeira	shower	16
Madrid	sun	7
Majorca	shower	12
Malta	shower	18
Manchester	shower	4
Manila	cloudy	29
Melbourne	cloudy	23
Mexico City	fair	20
Miami	fair	21
Milan	hazy	2
Montreal	sun	-20
Moscow	fair	-7
Munich	fair	-2
Nairobi	fair	27
Naples	shower	14
Nassau	fair	26
New York	sun	-11
Nice	fair	7
Nicosia	fair	19
Oslo	cloudy	0
Paris	cloudy	-1
Perth	fair	34
Prague	fair	0
Rangoon	sun	33
Reykjavik	snow	-2
Rio	thund	29
Riyadh	sun	20
Rome	shower	14
S. Frsco	sun	19
Seoul	cloudy	-1
Singapore	cloudy	30
Stockholm	snow	1
Strasbourg	sun	-7
Sydney	fair	32
Tangier	cloudy	14
Tel Aviv	fair	22
Tokyo	cloudy	4
Toronto	cloudy	-18
Tunis	fair	17
Vancouver	cloudy	10
Venice	fair	4
Vienna	sun	1
Warsaw	fair	2
Washington	cloudy	-9
Wellington	cloudy	19
Winnipeg	sun	-22
Zurich	sun	-6

FINANCIAL TIMES
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IN BRIEF

US banks put bad debts behind them

Fourth-quarter figures yesterday from some of the US's biggest commercial banks declared that the industry has moved faster than expected in putting its bad-debt problems behind it. Net income at six big banks which reported yesterday either met or beat analysts' most optimistic forecasts. Page 16

Porsche heads for the black
Porsche, the luxury sports car maker, will return to profit by Christmas after three years of heavy losses, according to Mr Wendelin Wiedeking, chief executive. Page 14

BTR to sell Hawker Siddeley unit
BTR, the industrial conglomerate, is to raise around C$130m ($99m) from the sale of its 59 per cent stake in Hawker Siddeley Canada. Page 14

Aircraft maker in a squeeze
Grumman, the smallest US military aircraft maker, has announced plans to cut its factory, office and warehouse space by nearly a third over the next two years. Page 16

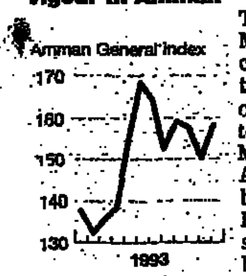
Eli Lilly to make spin-offs
Eli Lilly, the US drugs group, has announced one-off charges of $1.2bn (£802m) before tax and said it planned to spin off its medical devices and diagnostics businesses, which account for around 20 per cent of its sales. Page 16

Hong Kong bank astounds analysts
Bank of East Asia, Hong Kong's third largest listed bank, has reported a 47 per cent rise in 1993 net earnings to HK$1bn (US$129m) in 1992. Analysts in Hong Kong had expected the bank to present something special for its 75th anniversary, but the results published left them gasping. Page 17

Stanley Leisure rises 52%
Stanley Leisure, the UK betting shops and casino chain, has announced a 52 per cent rise in interim pre-tax profits and launched a rights issue to raise £21.1m ($31.6m). The group now claims to be the fourth largest UK bookmaker, with 401 shops. Page 19

Cost-cutting at HunterPrint
HunterPrint, the specialist UK printing company, has embarked on a £3m ($4.5m) cost-cutting programme to reduce losses and improve gearing. Page 20

Vigour in Amman



Source: Amman SE

The Amman Financial Market – with 110 listed companies and a capitalisation of JD3.5bn ($5bn) – often reacts vigorously to each small step in the Middle East peace process. An economic pact signed between Jordan and the Palestine Liberation Organisation earlier this month boosted shares by 3.17 per cent in one day before profit-taking knocked the index back. Back Page

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)							
Falls				Eridania B-S Ci	839	+	34
AG Ind & Verk	570	-	14	Taittinger	3020	+	110
Bayer-Hypo	470.5	-	16	**Falls**			
Colonia Konz Pf	925	-	35	Bancaire Cie	609	-	16
Degussa	450.5	-	17.5	Cred Lyon (CI)	753	-	26
Deutsche Bank	812.9	-	15.1	Imetal	580	-	27
Zanders Feldm	255	-	10	**TOKYO (Yen)**			
NEW YORK ($)				**Rises**			
Rises				Janome Sewing	359	+	28
Chrysler	62¾	+	1¼	Nitsuko	844	+	35
Eli Lilly	61½	+	1⅝	**Falls**			
Grumman	47⅝	+	⅜	Kumagai-Gumi	431	-	27
Honeywell	32¼	+	1⅛	NTN Toyo Br	551	-	22
Paramount	79⅝	+	1⅝	Nippon Soda	347	-	27
Falls				Tokyo Rope	581	-	40
Viacom B	38	-	1⅝				
PARIS (FFr)							
Rises							
Damart	5850	+	190				
London (prices at 12:30)							
Rises				McAlpine (A)	288	+	25
ACT Group	170	+	12	McCarthy Stone	69	+	5
Adam & Harvey	398	+	25	Mowlem (J)	174	+	19
Alexanders A	23	+	4	Proteus	472	+	42
Anglia TV	664	+	180	Rolls-Royce	172½	+	8½
[illegible]	455	+	25	Southern Elect	690	+	23
Denmans Elect	628	+	55	**Falls**			
Essex	28½	+	2½	Brit Aerospace	391	-	23
Freeman Group	232	+	27	Central Motor	116	-	12
Gestetner	154	+	8	Dixons	212	-	16
Hogg Robinson	281	+	15	Eurocamp	256	-	21
London Elect	659	+	29	Euro Disney	378	-	12
Lookers	229	+	31				
MAI	315	+	31				

JAL to cut investment and lose 5,000 jobs

By Michiyo Nakamoto in Tokyo

Japan Airlines is to cut its workforce by 5,000 and halve investment in a four-year restructuring aimed at returning the company to profit.

Yesterday it was presenting its unions with a plan to reduce its workforce of almost 22,000 to 17,000 by the end of fiscal 1997 through voluntary retirement, curtailment of new hirings and transfers to subsidiaries.

Restructuring at the airline, Japan's largest, which last year reported a Y54.9bn ($508m) pre-tax loss, will cut capital spending to Y440bn from a planned Y840bn in the next four years. In addition, it aims to cut a further Y100bn out of costs in the next fiscal year. Wages, which were limited to a 1 per cent increase last year, could be frozen this year and for the second year running JAL may not hire new stewardesses.

JAL has been hurt by a downturn in business and first-class travel as a result of Japan's economic slowdown, increased competition on international routes, particularly from lower-cost US airlines, and a high-cost structure.

The restructuring reflects a growing recognition by the group, which has often been criticised for being an oversized, high-cost company, that it must lower costs and raise its international competitiveness if it is to survive.

The move was welcomed on the Tokyo stock market where JAL's share price rose Y10 on the news to close at Y640.

Cuts in capital spending will range across all areas from aircraft to investment in facilities at the New Kansai International Airport scheduled to open in September.

Orders for aircraft have been rescheduled so JAL will be taking delivery of 28 aircraft, six fewer than planned.

JAL will order smaller aircraft to raise its share of the domestic market.

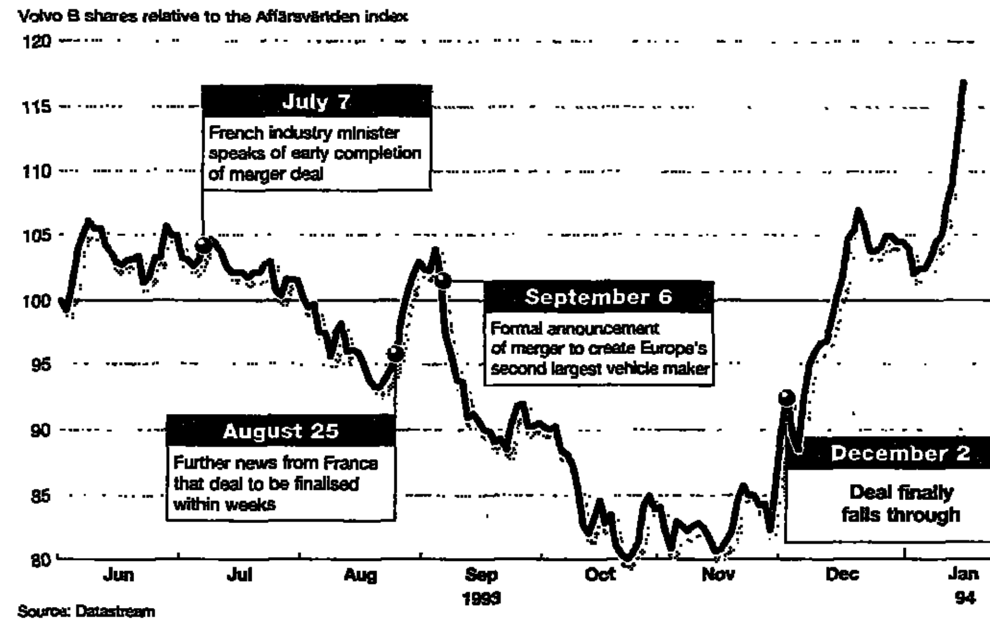
The latest restructuring follows a survival plan introduced last year and extends measures JAL has already adopted. It also plans to maximise savings by moving more operations to low-cost offshore bases and extending the use of low-cost subsidiaries on low-yield routes.

The company's union representing cabin crew criticised the moves: "We cannot accept their plan" making employees pay for management failures.

Shareholders to elect new Volvo board

Volvo's performance before and after the deal collapsed

Volvo B shares relative to the Affärsvärlden index



Source: Datastream

By Hugh Carnegy in Stockholm

A new era will be launched at Volvo today. Shareholders will elect a chairman and board to pick up the pieces left when Sweden's leading manufacturer tore up a plan to merge with France's Renault, prompting the resignation of Mr Pehr Gyllenhammar, chairman.

There is little trace of the trauma caused by the anti-merger revolt, at least among Volvo's shareholders. Volvo's share price has vaulted upwards since the deal was scrapped as Swedish investors see a resurgence of profits and wager that the company can carve out an independent future in the motor industry.

Yesterday, Volvo's most-traded B shares closed at SKr665, up from SKr539 at the turn of the year. This is a far cry from prices below SKr400 in the turbulent weeks before the merger broke down on December 2.

The extraordinary meeting in Gothenberg will confirm Mr Bert-Olof Svanholm of Asea Brown Boveri, the Swiss-Swedish engineering group, to succeed Mr Gyllenhammar, who led the company for more than two decades.

He and six others are being proposed for the board by a group of Swedish institutional shareholders which control more than 40 per cent of Volvo's voting capital. The group includes the chief instigators of the revolt against Mr Gyllenhammar and the Renault deal.

The six include Mr Sören Gyll, the chief executive who led a last-minute management revolt against the merger, and Mr Louis Schweitzer, chairman and chief executive of Renault. The French group remains a 10 per cent shareholder in Volvo and partner in an alliance that the merger was intended to succeed.

The remaining new members are all heavyweights of Sweden's industrial and financial establishment: Mr Björn Svedberg, president of Skandinaviska Enskilda Banken and chairman of Ericsson, Mr Per-Olof Ericsson, head of the engineering group Sandvik, Mr Tom Hedelius, chairman of Handelsbanken, and Mr Hakan Frisinger, a former Volvo executive and merger critic.

Shareholders will be anxious to hear from Mr Svanholm and Mr Gyll about Volvo's strategy although Volvo played down expectations of important announcements. The alliance with Renault must be clarified.

Mr Gyll has said the two companies should work together. But he says the most ambitious projects, such as plans to develop jointly new models, are unlikely to go ahead. The question is whether Volvo and Renault can dismantle their complex cross-shareholdings, and if they do, where Volvo will turn for a long-term vehicle co-operation deal that it admits it will need.

Mr Gyll said Volvo would concentrate more closely on its core car and truck operations, a shift in emphasis away from the diversified portfolio built up by Mr Gyllenhammar. The speculation in Sweden is that Volvo will move first to sell non-core assets, such as its investment companies, to raise capital to finance vehicle developments, rather than opting for a share issue.

Volvo seems to have a breathing space in which the new board can work through these issues. The fruits of three years of cost-cutting, a steep fall in the value of the Swedish krona, rising sales of its cars in the US and signs of a turnround in the home market, have led analysts to predict 1993 profits of around SKr2bn ($247m), with big profits growth in 1994 and 1995.

Renault truck chief to resign, Page 17

British Gas issues first 50-year Eurobond

By Conner Middelmann in London

British Gas yesterday issued the first ever 50-year Eurosterling bond, taking advantage of low long-term UK interest rates.

The company's decided to issue extra-long bonds because it offered a novel investment vehicle to yield-hungry investors while securing low funding costs for itself, according to Mr Arthur Burgess, British Gas's treasurer. "Long UK interest rates are around their lowest levels for the last 30 years and we wanted to lock in those low rates for the long term," he said. He believes long-term rates are close to bottoming, and while UK gilt yields may still slip further, "issuing spreads [relative to gilt yields] will probably widen out, so corporates won't be able to issue much more cheaply than they can now". He said the maturity was also chosen for its novelty value. "We could have tapped the 25 or 30-year sector, but we preferred to go further out on the yield curve to distinguish ourselves from competing paper."

The main buyers of the bonds were UK life insurance companies and pension funds which like to match their long-term assets and liabilities. There was some overseas demand for the paper with investors attracted by the relatively high yields compared with government and corporate bonds in other European markets, as well as scope for sterling appreciation.

British Gas issued £200m of 7⅛ per cent bonds maturing in February 2044 via CS First Boston. Buoyed by the gilt market rally, but also by strong investor demand, the bonds ended the day at 99.40 bid, well above their 98.74 re-offer price, yielding 49 basis points over the long gilt due 2017.

Many observers expect more long-dated bond issues. "The risk for borrowers is that, if they wait too long, they may miss an opportunity to lock in low funding rates," said one analyst. He expects to see "a few more copycat issues from UK companies, though they have to be very strong double-A rated names". British Gas is rated AA2 by Moody's and AA-plus by Standard & Poor's.

Lex, Page 12; Capital markets, Page 18

Elf's profits plunge to FFr1.1bn

By John Ridding in Paris

Elf-Aquitaine, the French oil group which is soon to be privatised, yesterday announced a sharp drop in net profits last year to FFr1.1bn ($186.4m) from FFr6.2bn in 1992.

The results were in line with forecasts made late last year by Mr Philippe Jaffré, chairman. They included FFr2bn exceptional charges, covering write-downs of some oil and gas assets, mainly in the North Sea, restructuring costs in chemicals and charges against some financial investments.

It is Mr Jaffré's policy to clean up the accounts and dispose of non-core financial assets before privatisation. The French government will launch the sale of most of its 51 per cent stake within the next few days.

The privatisation of Elf – the largest so far in the government's plans to sell 21 publicly owned groups – is expected to raise between FFr35bn and FFr40bn. Analysts in Paris are forecasting a price of about FFr380 per share, compared with yesterday's closing price of FFr408.

The government is planning to retain about 13 per cent of the shares in Elf, with a further 10 per cent of the group's shares to be reserved by a core of stable shareholders.

Analysts argue that investors are likely to be encouraged by the prospect of a recovery in profits at Elf this year. But they caution that the improvement will be gradual given the weak state of the European economy and the fact that the oil price remains below $14 per barrel for the benchmark Brent crude.

In 1993, according to Elf: "The worsening economic situation, particularly in Europe and the steep drop in crude oil weighed heavily on the group."

Refining margins increased slightly, from $2.8 per barrel to just over $3 during the year, but excess capacity, depressed demand and intense competition continued to affect the sector. In chemicals, prices and demand were depressed, while the health-care and pharmaceuticals division was affected by cuts in public health spending.

Operating profits fell to FFr6.5bn last year from FFr12bn. Turnover rose to FFr210bn from FFr200.6bn. The group said it would maintain its dividend at FFr13. Acquisitions and investments led to a rise in debt.

Lex, Page 12

Barry Riley

Dubious statistics for cross-border travel

Investors are crossing borders at an unheard of rate, but how far should they go in diversifying their portfolios? At the moment US pension funds, for instance, appear to be in the process of implementing a major shift in their overseas equity exposure, which may have risen by 3 percentage points last year to 8 or 9 per cent. If they want to raise their exposure to 15 per cent the present outflows could persist for another two years.

If investors everywhere were to invest in each others' markets, the flows would more or less cancel out. But at the moment the US is in the lead and is swamping smaller markets, while many continental European countries restrict their institutions' overseas exposure to modest proportions like 5 and 10 per cent.

British institutions have been seriously travelling this global road for longer than the Americans. When foreign exchange controls were abolished in 1979 the overseas exposure of UK pension funds was about 5 per cent, but it soon reached 15 per cent and each consensus target appears to have been pushed higher. The end-1993 exposure, including foreign currency bonds, was almost 30 per cent.

A recent paper from Foreign & Colonial suggested that the exposure should climb further over the next 20 years, to 40 per cent. Well, you would expect a global manager to say something of the sort. But the UK investor in equities might notice that the return on the domestic market over the past 10 years has exceeded that seen externally by a significant margin – an annual average of 18.7 against 14.4 per cent. Is global investment such a good idea?

There are all sorts of justifications for investing overseas. US mutual fund investors have been succumbing over the past year or so to the most basic motive of chasing the highest short-term returns. Institutional investors are more strongly influenced by statistical arguments based on risk and return: diversification across markets which have low correlation can reduce volatility for a given rate of return.

However, the mathematics does not give a consistent answer. Over the past 10 years the evidence suggests that a minimum risk UK institutional equity portfolio would have 70 per cent in the UK and 30 per cent overseas. But over 20 years the answer is quite different, indicating an overseas weighting of no less than 80 per cent. There is also the problem that the major markets are likely to be much more closely correlated in future, precisely because of greater overlap of investors.

The US is swamping smaller markets

The fund manager Paul Woolley developed a matching theory whereby pension funds should seek a currency exposure comparable to the imported proportion in the basket of goods consumed by the typical pensioner. Although the fine print of this was hazy, it supported the principle that investors in small countries should naturally seek a much higher overseas weighting than their counterparts in large countries which are economically more self-sufficient.

Now F & C is putting forward yet another argument, a growth-chasing one. Pension fund investors should concentrate upon high growth "emerging markets" to which they should commit perhaps 20 per cent of their assets, while severely deweighting mature economic regions such as continental western Europe. But although this argument may look just about respectable during the latest emerging markets boom, scheme sponsors may worry about crashes and revolutions.

In any case, fixation on national markets and indices is surely a trap. What matters in the long run is the source of the dividends and earnings growth. From the point of view of international exposure, is there much difference for a US investor between shareholdings in, say, Exxon and Royal Dutch?

Surely portfolio theory should focus on where the underlying profits are generated rather than on where the shares are listed. Shares should become differentiated more logically, between big international blue chips and generally smaller capitalisation domestic companies, more directly responsive to local economic conditions.

On the basis of underlying earnings British institutional equity portfolios already have an overseas exposure of around 40 per cent. But admittedly, little of it is in those currently exciting emerging markets.

Porsche sees return to the black

By Christopher Parkes in Stuttgart

Porsche, the luxury sports car maker, will return to profit by Christmas after three years of heavy losses, according to Mr Wendelin Wiedeking, chief executive.

Announcing a deficit of DM115m ($67.6m) for the six months to the end of January, he said the full-year short-fall would be about DM150m.

The company, which lost more than DM300m in the past two years combined, would start making decent profits by 1997 at the latest, Mr Wiedeking claimed.

By then its new models, the Boxster two-seater and the 996, successor to the 911, will be on the market.

The company, which will launch a capital-raising exercise shortly, said consolidated group equity fell to DM386m last year from DM634m in 1991-92 as a result of the DM240m net loss. Net liquid assets declined to DM344m from DM614m.

The Porsche and Piëch families, which own the group, will subscribe to half the planned DM20m issue in the form of common stock, maintaining their absolute control, while the balance will come in the form of preferred stock for other investors. US, Swiss and UK investors held an "amazing volume" of preference shares, according to Mr Walter Gnauert, finance director.

Mr Wiedeking based his optimistic forecasts on cost-cutting measures, and an increase in orders for the new 911 Carrera. Production would rise in the current year to 16,000 Porsche cars compared with 12,500 last year and more than 32,000 in 1989-90. The company would build a further 2,000 vehicles on contract for Mercedes-Benz and Audi.

More than 4,000 orders had been booked for the Carrera since its launch last autumn. The Stuttgart plant was making 55 a day by the turn of the year and output would reach the target of 72 a day by March, Mr Wiedeking said.

"In the light of the great demand, waiting lists cannot be ruled out," he added.

However, he said production of the four-cylinder 968, popular in the US and the UK, was "not in line with our plans" at 12 cars a day, while output of the eight-cylinder 928 GTS was down to three a day.

In the last full year, to the end of July 1993, the group workforce had been cut by 15 per cent to 7,100 people, reducing personnel costs by some DM130m.

Meeting on future of Banesto postponed

By Tom Burns in Madrid

A meeting between the governor of the Bank of Spain and the chairmen of Spain's top banks to discuss the future of Banesto was postponed yesterday as Price Waterhouse, the accounting firm, continued a fresh audit of the troubled bank.

The central bank had called the chairmen of the main banks – Argentaria, Bilbao Vizcaya (BBV), Central Hispano (BCH), Santander and Popular – to a meeting on Friday to discuss a possible restructuring plan for Banesto.

The meeting will now take place on Tuesday. Although the central bank would not comment on the change, one of the banks said it appeared that more data was required about Banesto before any rescue plan could be discussed in detail.

The Bank of Spain estimated the over-valuation of assets at Banesto at Pta503bn ($3.5bn) when it intervened to replace the bank's management three weeks ago. However, the Price Waterhouse audit is expected to produce a higher estimate.

Price Waterhouse has been asked to examine Banesto's loans below a threshold of Pta250m, which was the limit observed by the central bank's inspectors. This has raised the likelihood of the accounting firm discovering additional problems.

There have been suggestions that the Treasury stock held by Banesto – equity in the bank held by its subsidiary companies – was above the 5 per cent limit set by the Bank of Spain. This question may be resolved by the audit.

The domestic banks have become concerned that they will be asked by the authorities to provide large financial support to Banesto to restructure it.

Banesto's rescue plan is thought to include the acquisition of a proportion of the bank's loans by the Deposit Guarantee Fund, an institution financed by the banks and by the Bank of Spain.

Restructuring scheme for TAP-Air Portugal agreed

By Peter Wise in Lisbon

The Portuguese government has approved a restructuring plan for TAP-Air Portugal, the state-owned airline. The strategy involves injecting Es180bn ($1bn) into the debt-ridden company, reducing the workforce by 2,400 people and seeking a strategic foreign partner.

The approval of the plan ends months of speculation over the future of the airline. Mr Joaquim Ferreira do Amaral, minister for public works, transport and communications, said: "The agreement is bad news for many competitors who predicted TAP would be forced to close down."

The state will absorb part of TAP's debt by injecting Es180bn into the company in four tranches over the next four years. TAP's accumulated debt reached Es124.4bn in 1993 and operating losses rose to Es35bn, the worst result in the company's history.

Under the plan, TAP is forecast to return to profits in 1996, with a forecast net profit of Es300m, growing to Es12.7bn in 1997.

From 1997, when TAP's debt is forecast to have fallen to Es114.5bn, the company's earnings should be sufficient to cover its own debt liabilities, according to Mr Ferreira do Amaral.

The airline's staff level of 9,500 people will be cut to 7,110 by 1997. This implies the loss of 800 jobs in 1994 compared with forecasts that the company would dismiss 2,000 workers this year.

Wage costs from 1994 to 1997 are estimated at Es15bn.

TAP will abolish all of its flights to North America except to New York and will drop flights on 15 or 16 secondary routes in Europe, according to the plan.

But the airline will retain its present structure without spinning off passenger and baggage handling and aircraft maintenance into separate companies as envisaged in earlier proposals.

TAP will seek a foreign partner with the main aim of ensuring coverage of the routes to North America that it is abandoning. Contacts have already reported to have been made with the US companies Delta Airlines and United Airlines.

"We have created the conditions by which TAP will be able to enter into an international partnership without being in a subordinate position," said Mr Ferreira do Amaral.

"TAP will now be able to co-operate and associate with other airlines on equal terms."

Mr Ferreira do Amaral will travel to Brussels on January 27 to discuss the restructuring plan with the European Commission.

The key point at issue will be whether the proposals to inject state capital into TAP contravene European competition laws.

Interactive TV move for Dutch group

By Ronald van de Krol

KPN, the Dutch telecommunications company which is due to be privatised before the end of June, has made its first move into interactive television by agreeing to take a 50 per cent stake in Teleworld, a fast-growing Dutch company with teletext activities in 10 countries.

The investment will also mean that KPN will be joining forces in interactive television with Philips, Europe's largest television manufacturer, which already owns 43.7 per cent of the company and is poised to raise this to 50 per cent.

KPN will be buying its shares in Teleworld from the company's founder Mr Peter Schouten, who currently owns 54 per cent of the capital. The transformation of Teleworld into a 50/50 joint venture between KPN's telecommunications arm PTT Telecom and Philips will also involve the buy-out of a few smaller shareholders.

Teleworld, which was established in 1990 and now has turnover of Fl 40m ($20.5m) and a workforce of 130, is active in nine countries in north western Europe, including the UK, and in Malaysia. Its activities include the provision of interactive games and information services on a teletext basis for commercial television operators.

Hagemeyer up 20% to Fl 122m

By Ronald van de Krol in Amsterdam

Hagemeyer, the Dutch-based international trading group, said preliminary results for 1993 show a 20 per cent rise in net profit before extraordinary items to about Fl 122.5m ($68m) from Fl 102.2m in 1992.

Total net profit, including a previously reported Fl 42m extraordinary gain on the sale of land in Singapore, rose by more than 55 per cent to Fl 161m from Fl 103.1m.

Hagemeyer, which is 63 per cent-owned by First Pacific of Hong Kong, said sales rose to more than Fl 3.9bn from Fl 3.4bn in 1992, and it predicted a further rise to above Fl 4.5bn for the current year.

"The upward trend in earnings is expected to continue," the company said. Final figures for 1993 are scheduled to be published on February 24.

For 1994, the company expected to book more than Fl 75m in extraordinary profit from an amicable agreement with Matsushita of Japan that it would stop importing and distributing the Japanese company's products in Singapore, starting in April.

Matsushita plans to integrate Hagemeyer's distribution activities for the National, Panasonic and Technics brands into its own regional marketing and sales company.

The changes in Singapore will have no effect on Hagemeyer's agency relationship with Matsushita in the Netherlands or its relationship with JVC, which is majority-owned by Matsushita, in Malaysia, Australia and New Zealand.

Hagemeyer said it planned to use the extraordinary gain in 1994 to buy out ABN-Amro Bank's 50 per cent holding in a joint venture set up in late 1993 to finance Hagemeyer's acquisition of Newey & Eyre, one of Britain's largest electrotechnical wholesalers, from BTR.

The move to buy out the financing vehicle had been expected, but the extraordinary gain has helped accelerate the timing of Hagemeyer's full consolidation of Newey & Eyre.

MAI bids £292m for Anglia TV

By Raymond Snoddy in London

The consolidation of the UK's commercial TV stations into larger more powerful groupings continued yesterday with MAI's agreed £292m ($435.8m) bid for Anglia Television. MAI, the financial services and marketing group, controls Meridian Broadcasting, the south of England broadcaster.

The bid – which sent Anglia's shares up 180p to 664p yesterday – is the third for an ITV company since November 24, when Mr Peter Brooke, the national heritage secretary, proposed relaxing ITV ownership rules. The three bids, including the hostile Granada bid for London Weekend Television, have totalled more than £1.75bn in cash and shares.

If Granada succeeds in taking over LWT, it means that three men – Mr Michael Green of Carlton Communications whose offer for Central has gone unconditional, Mr Gerry Robinson, chief executive of Granada, and Lord Hollick, chief executive of MAI – will dominate the ITV system. The three enlarged groups would account for about 70 per cent of ITV advertising.

Sir Peter Gibbings, Anglia chairman, said yesterday: "It was not if, but when [the company would be taken over] and by whom – the most important of all."

A takeover by MAI was likely ever since Anglia rejected a joint deal with LWT to take over Yorkshire-Tyne Tees, each taking one of YTT's two licences.

The £292m Anglia deal values each Anglia share at not less than 637p. For each share it offers 357p in cash and 2.667 new MAI convertible preference shares. Anglia shareholders will be entitled to receive a second interim dividend of 8p net for each share.

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BTR to raise £66m with sale of stake

By Simon Davies in London

BTR, the UK-based industrial conglomerate, is to raise about £66m ($98m) from the sale of its 59 per cent stake in Hawker Siddeley Canada, as a continuation of its refocusing on its core industrial manufacturing businesses.

This follows the disposal in recent months of two wholesale and distribution companies for a total of £245.5m, and the announcement of the flotation of Graham group on the London stock exchange.

Hawker Siddeley Canada, part of BTR's £1.55bn acquisition of the Hawker Siddeley group in late 1991, is involved in businesses ranging from industrial maintenance and transportation leasing to mining contracting and some manufacturing.

BTR said the company no longer fitted into its strategy of focusing on pure industrial manufacturing, currently accounting for about 85 per cent of sales.

BTR owns 4.82m ordinary shares in Hawker Siddeley Canada, a Toronto-listed company. The shares will be sold through a fully underwritten placement led by RBC Dominion, at a price to be finalised shortly. Based on Monday's closing price of C$27, the placement will raise around C$130m.

Mr Alan Jackson, BTR's chief executive, said the Canadian subsidiary had shareholders' funds of C$240m and no borrowings, apart from non-recourse debt from its leasing operations.

Analysts believe the latest sale should bring to a close an aggressive run of disposals.

BTR had gearing estimated at 60 per cent in December 1993. With the cash proceeds from the flotation of Graham, the sale of Hawker Siddeley Canada and the exercise of 1993/1994 warrants, this figure could fall to around 40 per cent by the end of this year.

La Générale sells 4.1m shares in Suez

By David Buchan in Paris

Société Générale de Belgique, the diversified Belgian holding company, appeared yesterday to have added to its war chest for possible acquisitions by disclosing the sale of 4.1m of its shares in its French parent, Compagnie Financière de Suez.

The Suez group said 3.2m of the shares had been bought at around the stock market price by Goldman Sachs and Banque Indosuez for sale to international investors. At yesterday's Paris close of FFr 345.30, this sale in Suez would give the Belgian holding company about FFr1.4bn ($237.2m).

SGB has brought its cross-holding stake in Suez down to 1.5 per cent from 4.5 per cent, a level which it said it did not intend to change in the coming months. With its recent sales of shares in CBR, the Belgian cement company, and in Union Minière, SGB has lifted liquidity to make possible purchases.

INTERNATIONAL COMPANIES AND FINANCE

Eli Lilly to spin off 20% of turnover in shake-up

By Richard Waters in New York

Eli Lilly, the US drugs group, announced one-off charges of $1.2bn before tax and said it plans to spin off its medical devices and diagnostics businesses, which account for around 20 per cent of sales.

The moves signal an attempt by Mr Randall Tobias, the former AT&T vice-chairman brought in as chairman and chief executive last June, to turn Lilly around after a slide in earnings and share price in the past two years.

Lilly has suffered from imminent patent expiries on some of its biggest drugs and a lack of expected big new drug launches in the near term.

It is more dependent on the slowing US market – from which it derives two-thirds of sales – than most of its rivals, and it has been slow in adapting its sales and marketing activities to the health maintenance organisations and others which are coming to dominate the US healthcare market.

Randall Tobias: trying to turn Lilly round after share slide

Explaining the decision to spin off the devices and diagnostics businesses, Mr Tobias said: "It's in the best interest of our shareholders to focus our resources on our global pharmaceutical operations."

Lilly said it may float the businesses, sell them or issue shares in them to its existing shareholders. At present, it plans to put six of the nine businesses into a new holding company, shares in which would be either floated or issued to existing Lilly shareholders. The outcome would depend on tax considerations, the state of the stock market and the attractiveness of any offers for individual businesses.

The remaining three businesses will also be sold, though the timing will depend in part on the resolution of undertakings Lilly made when it acquired the businesses. The devices and diagnostics businesses accounted for estimated sales of $1.25bn last year, out of a total of $6.4bn.

At the same time, Lilly reported fourth-quarter charges of $1.2bn before tax, of which $540m was the result of a voluntary retirement programme under which 2,600 people have already left the company.

It also announced a $370m charge for rationalisation of some manufacturing operations and to cover changes to its "distribution strategies," and a $290m write-down of some manufacturing assets and acquired intangible assets.

S&P lowers debt rating on Japanese brokers

Standard and Poor's yesterday lowered ratings on Japan's "big four" brokers, writes Emiko Terazono in Tokyo.

Senior debt rating at Nomura Securities was lowered to double-A from double-A plus. Daiwa Securities' short-term debt rating was lowered to A-1 from A-1 plus. Nikko Securities' long-term debt has been reduced to A from A-plus, while short-term debt at Nikko Europe was cut to A-1 from A-1 plus. The A-1 short-term rating of Nikko Bank (UK) is under review. Senior debt at Yamaichi Securities was lowered to A1 from A.

The US credit agency cited the negative impact of low stock market turnover and limited new equity offerings. It also pointed to continuing financial liberalisation and the consequent lowering of barriers between the banking and securities industries. This will increase competition and squeeze the brokers' profit margins, S&P said.

Healthy signs at Czech power group

By Patrick Blum in Vienna

Ceske Energeticke Zavody (CEZ), the partially-privatised Czech energy group and one of the country's largest companies, expects pre-tax profits of Kcs18.5bn ($620m) for 1993, according to preliminary figures. Operating revenues are expected to be Kcs49bn, against expenditures of Kcs30.5bn. There are no comparable figures for 1992.

CEZ is one of the most popular stocks on the Czech market, and considered a blue-chip investment by foreign analysts. Investment funds and individual investors secured 33 per cent of the company's stock during the the first wave of voucher privatisation, completed shortly before last summer.

Another tranche of shares will be sold this year within the second round of voucher privatisation.

The National Property Fund (NPF), an institution established to oversee privatisations and manage the state's shareholdings, still holds 67 per cent of CEZ's share capital. However, Mr Tomas Jezek, NPF chairman, recently suggested it may reduce its stake to 51 per cent this year.

CEZ has a quasi monopoly of power generation in the Czech Republic – there are a few small power plants run by municipalities – with no significant competitor on the domestic market. It has large investment plans to modernise production and improve environmental controls.

Since trading began in July, the price of CEZ shares has risen dramatically, from Kcs645 per share to Kcs2,050 at the close on last Thursday's session of the Prague stock exchange. (The exchange has two sessions a week, on Tuesday and Thursday.) At that price, the company's market value would be about Kcs102bn.

Since 1992, the company has spent $50m from a World Bank loan to help finance desulphurisation at several power plants. Investment this year is expected to be Kcs30bn, with Kcs8bn spent on desulphurisation, and about Kcs11bn on completing the nuclear power plant at Temelin, in southern Bohemia.

Last year, CEZ exported electricity worth Kcs1.5bn, mainly to Italy and Austria.

Ontario Hydro to write off at least C$3bn

By Bernard Simon in Toronto

Ontario Hydro, north America's biggest power utility, is to take write-offs totalling between C$2.9bn and C$3.5bn ($2.63bn), to be charged against 1993 income.

The write-offs are part of a shake-up which started a year ago following the appointment of Mr Maurice Strong, former secretary-general of the United Nations Environment Programme, as chairman.

Mr Strong has cut a swathe through the government-owned utility with the aim of transforming it from a bureaucratic, financially-stretched organisation into an operation run along business lines.

Ms Eleanor Clitheroe, chief financial officer, said the charges give the utility "a clean slate to proceed with its debt reduction programme". The aim is to reduce Hydro's heavy debt burden, currently about C$35bn, by at least one-third over the next decade.

The write-offs, announced this week, are roughly double the figure projected six months ago. They include the cost of cancelling long-term uranium contracts negotiated with Denison Mines and Rio Algom at prices far above present market levels, and a write-off of surplus generating capacity. Details of the capacity write-downs have yet to be determined.

Ms Clitheroe said that by taking the write-offs in one lump, Hydro will boost 1994 income from C$250m to C$600m. Due to lower costs and improved operating performance, it now estimates its operations virtually broke even last year, compared with earlier forecasts of a C$200m operating loss.

Alcan blames world glut for $36m loss

By Robert Gibbens in Montreal

Alcan Aluminium, one of the world's biggest producers, blamed the world aluminium glut for a fourth-quarter loss of US$36m, or 17 cents a share, including a rationalisation charge of $25m.

This compares with a loss of $56m, or 29 cents in the 1992 quarter, including $49m of special charges. Revenues in the latest quarter were down slightly at $1.8bn.

Alcan's loss for the full year was $104m, or 54 cents, against a loss of $112m, or 60 cents. Special charges were $37m, compared with $58m. Revenues were again down slightly, at $7.23bn.

Mr Jacques Bougie, president, blamed exports from the former Soviet Union for the overcapacity crisis. LME spot ingot prices touched a new low (after inflation) of 46 US cents a pound last month. The price has since risen – it stood at 54.5 cents earlier this week – on hopes of an international deal on production cuts.

Alcan last week decided to close temporarily another 156,000 tonnes of ingot capacity in north America, Brazil and the UK. Fabricated product volumes reached new highs in the fourth quarter and 1993, but prices fell. Ingot shipments were lower in the fourth quarter but higher for the year. Prices, however, weakened.

Operating results benefited from cost reductions and lower interest expenses. The year-on-year losses were reduced in Canada, Latin America and the Pacific area, but were higher in the US, Europe and elsewhere.

Third-party sales help lift Australian arm

By Nikki Tait in Sydney

Alcan Australia, a 73 per cent subsidiary of Alcan, revealed it had returned to the black during the second half of 1993, leaving it with a tiny A$772,000 (US$537,342) profit after tax for the full year.

This compares with an after-tax loss of A$15.5m in 1992, and was reached on sales up 10.5 per cent, at A$636.5m.

However, Alcan said much of this advance was due to sales of metal purchased from third parties. The underlying increase in revenue from Alcan products was around 3 per cent last year, with volumes rising by about 2 per cent.

At the operating level, Alcan still showed a A$7.1m loss for the year, with the second-half profit of A$4.31m failing to outweigh the first-half deficit of A$11.4m. At the net level, however, the second-half surplus of A$3.73m was slightly more than the first half loss of A$2.95m.

Alcan, noting the market remained "very competitive", said the improvement stemmed from increased productivity and associated cost reductions. The overall profitability, it added, came from downstream fabricating businesses – especially the extrusion division. By contrast, "decreasing tariffs and competition from imports have adversely affected pricing for sheet products and the profitability of the sheet division".

The figures include abnormal items of A$6.8m, compared with A$5.3m last time, partly covering redundancy costs and relocation expenses.

INFORMATION FROM THE BANK OF ENGLAND

ISSUE OF £2,750,000,000

6¼% TREASURY STOCK 2010

INTEREST PAYABLE HALF-YEARLY ON 25 MAY AND 25 NOVEMBER
FOR AUCTION ON A BID PRICE BASIS ON 26 JANUARY 1994

PAYABLE AS FOLLOWS:	Payment on application:	with a competitive bid	Price bid less £50 per £100 nominal of Stock
		with a non-competitive bid	£50 per £100 nominal of Stock
	Balance of purchase money	£50 per £100 nominal of Stock payable on 14 March 1994	

This Stock will, on issue, be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the London Stock Exchange for the Stock to be admitted to the Official List on 27 January 1994.

1. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND invite bids for the above Stock.

2. The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.

3. The Stock will be repaid at par on 25 November 2010.

4. The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Stock registered at the Bank of England held for the account of members of the Central Gilts Office (CGO) Service will also be transferable, in multiples of one penny, by exempt transfer in accordance with the Stock Transfer Act 1982 and the relevant subordinate legislation. Transfers will be free of stamp duty.

5. Interest will be payable half-yearly on 25 May and 25 November. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post. Interest will accrue from Thursday, 27 January 1994 and the first interest payment will be made on 25 May 1994 at the rate of £1.6268 per £100 nominal of Stock.

6. The Stock may be held on the National Savings Stock Register.

7. The Stock and the interest payable thereon will be exempt from all United Kingdom taxation, present or future, so long as it is shown that the Stock is in the beneficial ownership of persons who are neither domiciled nor ordinarily resident in the United Kingdom of Great Britain and Northern Ireland.

8. Further, the interest payable on the Stock will be exempt from United Kingdom income tax, present or future, so long as it is shown that the Stock is in the beneficial ownership of persons who are not ordinarily resident in the United Kingdom of Great Britain and Northern Ireland.

9. For the purposes of the preceding paragraphs, persons are not ordinarily resident in the United Kingdom if they are regarded as not ordinarily resident for the purposes of United Kingdom income tax.

10. Applications for exemption from United Kingdom income tax should be made in such form as may be required by the Commissioners of Inland Revenue. The appropriate forms may be obtained from the Inspector of Foreign Dividends, Inland Revenue, Lynwood Road, Thames Ditton, Surrey, KT7 0DP.

11. These exemptions will not entitle a person to claim repayment of tax deducted from interest unless the claim to such repayment is made within the time limit provided for such claims under income tax law; under the provisions of the Taxes Management Act 1970, Section 43 (1), no such claim will be outside this time limit if it is made within six years from the date on which the interest is payable. In addition, these exemptions will not apply so as to exclude the interest from any computation for taxation purposes of the profits of any trade or business carried on in the United Kingdom. Moreover, the allowance of the exemptions is subject to the provisions of any law, present or future, of the United Kingdom directed to preventing avoidance of taxation by persons domiciled, resident or ordinarily resident in the United Kingdom, and, in particular, the interest will not be exempt from income tax where, under any such provision, it falls to be treated for the purpose of the Income Tax Acts as income of any person resident or ordinarily resident in the United Kingdom.

Method of Application

12. Bids may be made on either a competitive or a non-competitive basis, as set out below, and must be submitted on the application form published with the prospectus. Each application form must comprise either one competitive bid or one non-competitive bid. Gilt-edged market makers may make competitive bids by telephone to the Bank of England not later than 10.00 am on Wednesday, 26 January 1994.

13. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP to arrive not later than **10.00 AM ON WEDNESDAY, 26 JANUARY 1994**; or lodged by hand at the Central Gilts Office, Bank of England, Bank Buildings, 19 Old Jewry, London not later than **10.00 AM ON WEDNESDAY, 26 JANUARY 1994**; or lodged by hand at any of the Branches or Agencies of the Bank of England not later than **3.30 PM ON TUESDAY, 25 JANUARY 1994.** Bids will not be revocable between 10.00 am on Wednesday, 26 January 1994 and 10.00 am on Monday, 31 January 1994.

14. **COMPETITIVE BIDS**

(i) Each competitive bid must be for one amount and at one price expressed as a multiple of 1/32nd of £1 and must be for a minimum of £500,000 nominal of Stock and for a multiple of Stock as follows:-

Amount of Stock applied for	*Multiple*
£500,000-£1,000,000	£100,000
£1,000,000 or greater	£1,000,000

(ii) Unless the applicant is a member of the CGO Service, a separate cheque representing the **PAYMENT DUE ON APPLICATION, i.e. THE PRICE BID LESS £50 FOR EVERY £100 NOMINAL OF STOCK BID FOR**, must accompany each competitive bid. Cheques must be drawn on a branch or office, situated within the Town Clearing area, of a settlement member of CHAPS and Town Clearing Company Limited.

(iii) The Bank of England reserves the right to reject any competitive bid or part of any competitive bid. Competitive bids will be ranked in descending order of price and Stock will be sold to applicants whose competitive bids are at or above the lowest price at which the Bank of England decides that any competitive bid should be accepted (the lowest accepted price). **APPLICANTS WHOSE COMPETITIVE BIDS ARE ACCEPTED WILL PURCHASE STOCK AT THE PRICES WHICH THEY BID:** competitive bids which are accepted and which are made at prices above the lowest accepted price will be satisfied in full; competitive bids which are accepted and which are made at the lowest accepted price may be satisfied in full or in part only.

15. **NON-COMPETITIVE BIDS**

(i) A non-competitive bid must be for not less than £1,000 nominal and not more than £500,000 nominal of Stock, and must be for a multiple of £1,000 nominal of Stock.

(ii) Only one non-competitive bid may be submitted for the benefit of any one person. Multiple applications or suspected multiple applications are liable to be rejected.

(iii) Unless the applicant is a member of the CGO Service, a separate cheque representing a **PAYMENT AT THE RATE OF £50 FOR EVERY £100 NOMINAL OF STOCK APPLIED FOR** must accompany each non-competitive bid; cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man.

(iv) The Bank of England reserves the right to reject any non-competitive bid. Non-competitive bids which are accepted will be accepted in full **AT A PRICE (the non-competitive sale price) EQUAL TO THE AVERAGE OF THE PRICES AT WHICH COMPETITIVE BIDS HAVE BEEN ACCEPTED**, the average being weighted by reference to the amount accepted at each price and **ROUNDED DOWN TO THE NEAREST MULTIPLE OF 1/32ND OF £1.**

(v) If the non-competitive sale price is less than £100 per £100 nominal of Stock, the amount by which the amount paid on application exceeds the non-competitive sale price less £50 per £100 nominal of Stock will be refunded by cheque despatched by post at the risk of the applicant.

(vi) If the non-competitive sale price is greater than £100 per £100 nominal of Stock, applicants whose non-competitive bids are accepted may be required to make a further payment equal to the non-competitive sale price less £100 for every £100 nominal of Stock allocated to them. An applicant from whom a further payment is required will be notified by letter by the Bank of England of the amount of Stock allocated to him and of the further payment due, but such notification will confer no right on the applicant to transfer the amount of Stock so allocated. The despatch of allotment letters to applicants from whom a further payment is required will be delayed until such further payment has been made.

16. The Bank of England may sell to applicants less than the full amount of the Stock.

17. The Stock will be initially issued at a price such that it will not be a deep discount security for the purposes of Schedule 4 to the Income and Corporation Taxes Act 1988. Further issues of the Stock may be at a deep discount (broadly, a discount exceeding ½% per annum) and in certain circumstances this could result in all of the Stock being treated thereafter as a deep discount security. However, it is the intention of Her Majesty's Treasury that further issues of the Stock will be conducted so as to prevent any of such Stock being treated as a deep discount security for United Kingdom tax purposes. Provided the Stock is neither a deep discount security, nor treated as a deep discount security, any discount to the nominal value at which the Stock is issued will not represent taxable income for the purposes of the relevant provisions.

18. Letters of allotment in respect of the Stock sold, being the only form in which the Stock (other than amounts held in the CGO Service for the account of members) may be transferred prior to registration, will be despatched by post at the risk of the applicant, but the despatch of any letter of allotment, and any refund of the balance of the amount paid on application, may at the discretion of the Bank of England be withheld until the applicant's cheque has been paid. In the event of such withholding, the applicant will be notified by letter by the Bank of England of the acceptance of his application and of the amount of Stock allocated to him, subject in each case to the payment of his cheque, but such notification will confer no right on the applicant to transfer the Stock so allocated.

19. No sale will be made of a less amount than £1,000 nominal of Stock. If an application is satisfied in part only, the balance of the amount paid on application will, when refunded, be remitted by cheque despatched by post at the risk of the applicant; if an application is rejected the amount paid on application will be returned likewise.

20. Letters of allotment may be split into denominations of multiples of £100 on written request to the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW received not later than 10 March 1994. Such requests must be signed and must be accompanied by the letters of allotment.

21. Subject to the provisions governing membership of the CGO Service, a member of that Service may, by completing Section C of the application form, request that any Stock sold to him be credited direct to his account in the CGO on Thursday, 27 January 1994 by means of a member-to-member delivery from an account in the name of the Governor and Company of the Bank of England, Number 2 Account. Failure to accept such delivery by the deadline for member-to-member deliveries under the rules of the CGO Service on 27 January 1994 shall for the purposes of this prospectus constitute default in due payment of the amount payable on application in respect of the relevant Stock. A member of the CGO Service may also, subject to the provisions governing membership of that Service, surrender a partly-paid letter of allotment to the CGO for cancellation and for the Stock comprised therein to be credited to the member's account. The member who is shown by the accounts of the CGO as being entitled to any Stock shall, to the exclusion of all persons previously entitled to such Stock and any person claiming any entitlement thereto, both be treated as entitled to such Stock as if that member were the holder of a letter of allotment and be liable for the payment of any amount due in respect of such Stock. A member will be entitled at any time prior to registration to withdraw, in multiples of £100, Stock credited to the member's account and to obtain a partly-paid letter of allotment comprising such Stock, and such member shall be liable for the payment of all amounts becoming due thereafter in respect of such Stock unless and until that letter of allotment is surrendered to the CGO for cancellation as aforesaid.

22. The Stock will be issued and sold partly-paid, with a final instalment of £50 per £100 nominal of Stock payable on 14 March 1994. Payment of the final instalment must be sent to the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW; cheques for £500,000 and above must be drawn on a branch or office, situated within the Town Clearing area, of a settlement member of CHAPS and Town Clearing Company Limited. Payment in full may be made at any time after sale but no discount will be allowed on such payment. Interest may be charged on a day-to-day basis on any overdue amount which may be accepted at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in sterling ("LIBOR") plus 1% per annum. Such rate will be determined by the Bank of England by reference to market quotations, on the due date for such payment, for LIBOR obtained from such source or sources as the Bank of England shall consider appropriate. Default in due payment of any amount in respect of the Stock will render such Stock and any amount previously paid liable to forfeiture. Letters of allotment must be surrendered for registration, accompanied by a completed registration form, when the balance of the purchase money is paid, unless payment in full has been made before the due date, in which case they must be surrendered for registration not later than 14 March 1994; in the case of Stock held for the account of members of the CGO Service payment of the final instalment and registration of Stock will be effected under separate arrangements.

23. Application forms and copies of this prospectus may be obtained by post from the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW; at the Central Gilts Office, Bank of England, 1 Bank Buildings, Princes Street, London, EC2R 8EU or at any of the Branches or Agencies of the Bank of England; at the Bank of Ireland, Moyne Buildings, 1st Floor, 20 Callender Street, Belfast, BT1 5BN; or at any office of the London Stock Exchange in the United Kingdom.

Government Statement

Attention is drawn to the statement issued by Her Majesty's Treasury on 29 May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants or agents undertake to disclose tax changes decided on but not yet announced, even where they may specifically affect the terms on which, or the conditions under which, this Stock is issued or sold by or on behalf of the Government or the Bank; that no responsibility can therefore be accepted for any omission to make such disclosure; and that such omission shall neither render any transaction liable to be set aside nor give rise to any claim for compensation.

BANK OF ENGLAND
LONDON

18 January 1994

APPLICATION FORM

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

I/We apply in accordance with the terms of the prospectus for competitive and non-competitive bids dated 18 January 1994 as follows:-

A FOR COMPETITIVE BIDS ONLY
(ie for Stock to be purchased at the price bid)

Nominal amount of 6¼% Treasury Stock 2010 applied for: £

Amount of Stock applied for	*Multiple*
£500,000-£1,000,000	£100,000
£1,000,000 or greater	£1,000,000

Price bid per £100 nominal of Stock, being a multiple of 1/32nd of £1: £ | 32nds

Amount of initial payment enclosed (a), being equal to the price bid LESS £50 for every £100 NOMINAL of Stock applied for: £

B FOR NON-COMPETITIVE BIDS ONLY
(ie for Stock to be purchased at the non-competitive sale price as defined in the prospectus)

Nominal amount of 6¼% Treasury Stock 2010 applied for, being a multiple of £1,000, with a minimum of £1,000 and a maximum of £500,000 nominal of Stock: £

Amount of initial payment enclosed (a), being £50 (b) for every £100 NOMINAL of Stock applied for: £

C FOR CGO MEMBERS ONLY

CGO PARTICIPANT NUMBER.................Tel No..............

Name of contact..............................

D THIS SECTION TO BE COMPLETED BY ALL APPLICANTS

I/We undertake to pay the balance of the purchase money when it becomes due in respect of any Stock which may be sold to me/us under this application, as provided by the prospectus.

I/We request that any letter of allotment in respect of Stock sold to me/us be sent by post at my/our risk to me/us at the address shown below.

IN THE CASE OF A NON-COMPETITIVE APPLICATION, I/we warrant that to my/our knowledge this is the only non-competitive application made for my/our benefit (or for the benefit of the persons on whose behalf I am/we are applying).

IN THE CASE OF AN APPLICATION BY A MEMBER OF THE CGO SERVICE WHO HAS COMPLETED SECTION C, we request that any Stock allocated to us be credited direct to our account at the Central Gilts Office. We hereby irrevocably undertake to accept such Stock by member-to-member delivery through the Central Gilts Office Service from the Governor and Company of the Bank of England, Number 2 Account (Participant number 5183) by the deadline for such deliveries on 27 January 1994, and we agree that the consideration to be input in respect of such delivery shall be the amount payable by us on the sale of such Stock in accordance with the terms of the prospectus.

Date.................... SIGNATURE(S)..............................
of, or on behalf of, applicant

PLEASE USE BLOCK CAPITALS

MR/MRS MISS/MS	FORENAME(S) IN FULL	SURNAME
FULL POSTAL ADDRESS		
TOWN	COUNTY	POSTCODE

NATIONAL SAVINGS STOCK REGISTER: if you wish the Stock to be registered on the NATIONAL SAVINGS STOCK REGISTER (for which there is a limit of up to £25,000 nominal of Stock) please tick the box.

(a) A separate cheque must accompany each application. Cheques should be made payable to "Bank of England" and crossed "New Issues". In respect of competitive bids, cheques must be drawn on a branch or office, situated within the Town Clearing area, of a settlement member of CHAPS and Town Clearing Company Limited. In respect of non-competitive bids, cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man.

(b) The procedure for any refund, or further amount payable, is set out in the prospectus.

APPLICATION FORMS MUST BE SENT TO THE BANK OF ENGLAND, NEW ISSUES, PO BOX 444, GLOUCESTER, GL1 1NP TO ARRIVE NOT LATER THAN 10.00 AM ON WEDNESDAY, 26 JANUARY 1994; OR LODGED BY HAND AT THE CENTRAL GILTS OFFICE, BANK OF ENGLAND, BANK BUILDINGS, 19 OLD JEWRY, LONDON NOT LATER THAN 10.00 AM ON WEDNESDAY, 26 JANUARY 1994; OR LODGED BY HAND AT ANY OF THE BRANCHES OR AGENCIES OF THE BANK OF ENGLAND NOT LATER THAN 3.30 PM ON TUESDAY, 25 JANUARY 1994.

Grumman to cut 500 jobs in move to reduce costs

By Richard Tomkins in New York

Grumman, the smallest US military aircraft maker, yesterday announced plans to cut its 15m sq ft of factory, office and warehouse space by nearly a third over the next two years in the latest of a series of cost-cutting moves.

The plans involve closing all five of its factories on Long Island, New York, resulting in the loss of 500 jobs from the workforce of 17,900 this year.

They will also bring a pre-tax charge of $84m against 1993 profits, but should cut operating costs by an estimated $600m over the next three years.

Grumman said 1993 earnings, excluding the $84m charge, were expected to be at least in line with the previous year's $3.49 a share for continuing operations. The figures are due out next week.

Like other US defence contractors, Grumman is faced with a declining market because of shrinking US defence spending. It once made military aircraft such as the F-14 Tomcat and A-6 Intruder, but the only aircraft it builds today is the E-2C Hawkeye early warning system.

The company has been trying to counter the loss of defence contract work by exploiting its systems integration know-how with projects such as the Joint Stars airborne early warning system, which uses converted Boeing 707s. It has also been trying hard to cut costs, reducing its workforce from a peak of nearly 34,000 in 1987.

The biggest component of the latest cost-cutting plan will be the closure of the historic Calverton aircraft plant on Long Island that makes the E-2C. Production will move to Grumman's St Augustine plant in Florida by the end of next year.

Mr Renso Caporali, chairman, said the cuts would leave Grumman better placed to succeed in a "shrinking but still substantial" defence market. "This restructuring will contribute to long-term earnings and revenue growth," he said.

Losses rise in fourth quarter for Bowater

By Laurie Morse in Chicago

Bowater, the US newsprint manufacturer, saw operating losses rise to $19.8m in the fourth quarter, up from $12.5m a year earlier.

During the quarter, the group sold 68,000 acres of landholdings for an extraordinary gain of $48.9m. Including the gain, Bowater reported net fourth-quarter income of $4.9m, or 12 cents a share. This compares with a net loss of $20.9m, or 59 cents, in the fourth quarter of 1992.

Sales in the latest quarter were $340.4m, down from $363.2m a year ago.

Mr Anthony Gammie, chairman, said sluggish demand and excess consumer inventories kept prices for newsprint and coated papers depressed. Although pulp prices declined during the quarter, Bowater has announced price increases for early 1994.

"We are encouraged by the 2.1 per cent increase in US newsprint consumption in November 1993, and hope this improvement will continue into 1994. We also hope that the newsprint price increase announced for March 1 will go into effect," Gammie said.

For the year, Bowater recorded a net loss of $64.5m, or $1.84 a share, on sales of $1.35bn, compared with a loss before accounting charges of $92.9m, or $2.64, on sales of $1.36bn in fiscal 1992.

US banks cast off 1980s debt problems

By Richard Waters in New York

Fourth-quarter figures from a batch of the US's biggest commercial banks carried a clear message: the industry has moved faster than expected in putting the bad-debt problems of the late-1980s behind it.

Net income at six big banks which reported yesterday either met or beat analysts' most optimistic forecasts, with Citicorp and Chase Manhattan producing the biggest surprises.

Less clear, though, is the answer to a question which continues to overhang bank share prices: how can the banks hope to grow their earnings in future?

According to yesterday's figures, most banks hardly increased their loan books last year, and lending margins came under pressure in some cases.

The record profits from trading in foreign exchange and other financial markets in the middle of last year were not repeated, although trading income still remains at high.

Citicorp experienced the most marked improvement in asset quality, reporting a $571m provision in the fourth quarter of the year, down from $980m in the same period of 1992 and taking total provisions for the year to $2.6bn.

This was a big factor in lifting net income in the fourth quarter to $575m, or $1.06 a share, after previously announced one-off items which led to net charges of $297m before tax.

Citicorp's results, broad details of which had been released last week, also benefited from stronger than expected earnings growth, particularly from its operations in developing countries.

The consumer banking business in the developing countries reported net income of $150m in the fourth quarter, up from $109m the year before, while in the developed markets it rose to $228m from $154m. Net income from wholesale banking, through the global finance division, jumped to $247m from $117m in the developing countries, and to $275m from $189m in developed markets.

Trading profits slipped during the period, as foreign exchange income fell to $158m from $264m the corresponding period. With higher income from other activities, total trading income was $427m, lower than the $478m of the preceding quarter but higher than the $299m of the last three months of 1992.

Citicorp's strong earnings rebound, which took its profits for the year to a record $1.92bn ($2.2bn after accounting changes), also boosted its tier one capital ratio to 6.5 per cent, up from 4.9 per cent a year ago.

The results prompted Moody's, the credit rating agency, to announce that it may upgrade the bank, whose long-term debt is rated A2. The review will concentrate on the bank's long-term earnings potential.

Chase Manhattan also comfortably exceeded expectations, as fourth-quarter figures were lifted by profits on disposals of distressed assets. Chase reported net income for the period of $313m, or $1.53 a share, up from $169m, or 87 cents, the year before.

Provisions for the year as a whole rose, due to a special $566m charge taken early in 1993 against loans held for accelerated sale. These charges proved over-cautious: the bank made net gains of $215m in the fourth quarter of the year from asset sales, which was included as "other revenue".

Income from trading activities rose to $167m from $114m in the same period of 1992, though it remained below the $186m of the third quarter. The bank reported that trading in emerging markets securities had bolstered income in the latest period.

Chase made greater headway during the year than other big banks in strengthening its net interest, though this was in part due to profits from the sale of Brazilian and Argentine bonds. The margin, at 4.33 per cent, would have been 4.15 per cent had it not been for this factor.

Chemical Banking reported fourth-quarter net income of $347m, or $1.23 a share, up from $197m, or 64 cents a share, the year before, putting it ahead of expectations. The advance was largely due to a rise in non-interest income, due to gains on Argentine and Brazilian debt and profits on venture capital investments. These items boosted "other non-interest income" for the period to $236m from $9m, and for the year as a whole to $710m from 190m.

Mr Walter Shipley, chairman and chief executive, also reported strong revenue growth in many of its businesses, and said that the decline in provisions during the period "confirms our expectations for significantly lower provisions in the years ahead."

NationsBank reported net income for the fourth quarter of $373m, or $1.37 a share, up from $234m, or 92 cents, the year before. However, its net interest margin came under pressure during the period, sliding to 3.77 per cent from 4.23 per cent in the previous period and confirming expectations that lending margins for all banks, which remain at historically high levels, are likely to fall as competition to lend picks up.

NationsBank reported loan growth of 10 per cent before acquisitions, pushing total loans for the year up 16 per cent to $79bn. As lending margins declined, return on capital for the year as a whole slipped slightly, to 15 per cent.

BancOne also reported growing loan demand, and that lending margins had begun to decline somewhat. Mr John McCoy, head of the Ohio-based bank, said consumer lending had increased 24 per cent during the year, while commercial lending was up 4 per cent.

For the year as a whole, lending margins rose to 6.29 per cent, from 5.98 per cent the year before. During the latest quarter, though, the margin fell to 6.07 per cent, from 6.22 per cent in the third quarter of 1993. Without the bank's activities in the swaps markets, the margin would have been 5.38 per cent.

Net income for the fourth quarter was $286m, or 82 cents a share, compared with $206m, or 59 cents, a year before.

US BANKS: THE PICTURE AT YEAR-END

Bank	Assets ($bn)	Net income* ($m)		Return on capital (%)		Net interest margin (%)		Provision for credit losses ($m)		Tier 1 capital ratio (%)	
	Dec 31 93	1993	1992	1993	1992	1993	1992	1993	1992	1993	1992
Citicorp	216.6	1,919	722	17.7	6.5	3.88	3.76	2,600	4,146	6.5	4.9
NationsBank	157.7	1,301	1,145	15.0	15.8	3.96	4.10	430	715	7.4	7.5
Chemical	149.9	1,569	1,086	16.7	12.4	3.73	3.82	1,259	1,365	8.0	7.3
Chase Manhattan	102.1	466	639	†14.6	11.1	4.33	4.09	1,561	1,220	8.4	6.8
BancOne	79.9	1,121	**877	17.81	**15.2	6.29	5.98	369	604	10.5	10.0
Wells Fargo	52.5	591	283	†16.7	7.9	5.74	5.70	550	1,215	10.5	8.2

* Before accounting changes † after accounting changes ** restated Source: company reports

Profits tumble at Thyssen Industrie

By Ariane Genillard in Bonn

Pre-tax profits at Thyssen Industrie, the capital goods division of west Germany's biggest steel and engineering conglomerate, fell to DM104m ($59m) for the fiscal year ending September 30 1993, against DM460m the previous year.

The company said that while foreign business, especially in the US, was booming, the continued slump in domestic orders was hampering profits. Turnover for the year fell by 7 per cent to DM8.1bn. Foreign sales, which represent 40 per cent of turnover, climbed by 19 per cent but sales in Germany were down 13 per cent, the company said.

The sharpest drop was in the vehicle spare parts divisions, which represent about a fourth of the group's turnover.

Other divisions, including engineering products for the energy sector and chemicals, remained in the black although they also recorded declining profits.

Orders for the whole group dropped by 9 per cent to DM7.7bn. In Germany, orders were down 16 per cent against a 21 per cent rise abroad.

The company said it would continue to reduce its workforce in 1994, with a further 2,400 redundancies planned in Germany. Nearly 4,000 people were laid off the previous year, bringing the payroll in Germany to 32,430. The group employs 44,867 people worldwide.

Sara Lee buys back Kiwi

Sara Lee, the US foods and consumer products group, has re-entered South Africa by acquiring Kiwi Brands and its subsidiary companies, Reuters reports. Terms of the transaction were not disclosed.

Sara Lee said it divested Kiwi Brands in 1986 in response to economic sanctions. Kiwi Brands makes shoe-care products and other consumer products, such as bath additives and skin-care products. Sales total about $130m annually.

CBoT trading offer rivals NY

By Laurie Morse in Chicago

The Chicago Board of Trade and Bloomberg, the financial information group, are to join forces to provide the CBOT with an electronic foothold in the huge cash market for US government securities.

The CBOT has highly successful futures and options contracts on US Treasury bonds and notes, and for the past two years has sought to augment this with a move into the underlying cash markets.

It has attempted to launch Chicago Board Brokerages, an electronic exchange for cash instruments. But the venture has yet to receive approval from the US Securities and Exchange Commission.

The CBOT now hopes to team up with New York-based Bloomberg to offer electronic government securities trading to its members and member firms on Bloomberg terminals around the world. Trades would be cleared by another CBOT subsidiary, the Clearing Corporation for Options and Securities.

The venture would compete directly with New York's established government securities broker-dealer industry. Before the venture can proceed, the exchange must first gain status as a registered broker-dealer from the National Association of Securities Dealers and its securities clearing arm must also gain SEC approval.

Mr Patrick Arbor, CBOT chairman, met SEC chairman Mr Arthur Levitt last week and described the meeting as encouraging.

Swiss biotechnology fund raises SFr170m

By Ian Rodger in Zurich

BB Biotech, a Swiss biotechnology investment fund launched last November, is raising SFr170m ($114m) in a warrant rights issue.

Mr Martin Bisang, a director of Bank am Bellevue in Zurich which manages the fund, said the issue was in response to strong demand for the fund's shares.

At yesterday's close of SFr2,830, the shares were at a 7 per cent premium to net asset value.

BB Biotech, which raised SFr325m in November, is already one of the largest biotechnology funds. Most of its investment is concentrated in four US companies: Alza, Amgen, Biogen and Genentech.

Shareholders will receive one warrant for every share held, and two warrants will entitle the holder to buy one new share at the net asset value on February 28.

INTERNATIONAL COMPANIES AND FINANCE

Renault unit chief quits next month

By John Ridding in Paris

Mr Jean-Pierre Capron, head of RVI, the trucks and buses operations of Renault, the French state-owned vehicle group, is leaving the company at the end of next month to take up a new job, Renault said yesterday.

He will be replaced by Mr Shemaya Levy, currently managing director of the European operations of RVI.

Renault officials said that Mr Capron's departure, which has been rumoured for several weeks, was not related to the failure of the planned merger between Renault and Volvo of Sweden.

Mr Capron was not due to form part of the five-member executive board to run the merged vehicle group and has been linked with a series of posts in French industry over recent months, including the chairmanship of Bull, the computer group.

The change at the top of RVI, however, comes at a sensitive time for the group. The collapse of the merger has removed one of the central elements of Renault's strategy and has raised questions about the future of industrial co-operation with Volvo.

The two groups aimed to share the rising costs of product development in trucks and buses as well as in cars and sealed their alliance through a series of cross-shareholdings. RVI said that the future of the industrial alliance would not be clear until discussion with the new management at the Swedish group.

Mr Capron, who devoted much of his time to developing the alliance with Volvo, also helped steer RVI through depressed international trucks markets. RVI, which fell into loss in 1992, is expected to announce another loss for 1993, although industry analysts believe it will be substantially less than the FFr1.6bn ($269m) suffered the previous year. Despite the downturn in the industry, however, RVI said that it managed to increase its share of the French and European truck market last year.

Mr Louis Schweitzer, Renault chairman, praised Mr Capron who, he said, had "guided RVI through an unprecedented crisis in the market". He added that Mr Capron had implemented a recovery plan at Mack Trucks, the group's US subsidiary. A Renault spokesman said that the US group was on target to break even by mid-year.

Earnings at BCI likely to match year earlier

By Haig Simonian in Milan

Banca Commerciale Italiana, the Italian bank expected to be privatised next month, should report 1993 net earnings in line with 1992.

BCI is not due to release figures about last year's performance until a board meeting next week to examine preliminary parent company results. However, analysts forecast that net profits for the entire group will not differ much from the L218.5bn ($128m) made in 1992.

That prediction, which includes the likelihood of a maintained dividend, comes despite sharply higher provisions and tax charges in 1993. Last year's results are also unlikely to benefit from big extraordinary gains.

The loan book at BCI, which lends to some of Italy's biggest companies, has been badly hit by the recession. Prominent among last year's corporate casualties was Ferruzzi, to which the bank is believed to have lent about L600bn.

BCI will also face substantially higher taxes because it has now used all the extraordinary tax breaks which boosted earnings in recent years.

However, Mr Sergio Siglienti, chairman, said matters were more than compensated by a sharp rise in fee income, reflected in results for the first nine months of 1993, when pre-tax profits soared to L585.3bn from L267.6bn. Fee income had grown "dramatically," notably on securities.

Mr Siglienti denied the privatisation would be affected by the general elections on March 27.

He forecast privatisation would trigger some streamlining of the bank's structure, with the possible removal of one of the bank's three layers of holding companies and a closer relationship with the three small retail banks it controls in Italy.

Internationally, he revealed BCI is negotiating to buy out its partners in Banque Sudameris of Paris.

Bank of East Asia marks anniversary with 47% surge

By Simon Holberton in Hong Kong

Bank of East Asia, Hong Kong's third largest listed bank, yesterday marked its 75th anniversary by unveiling a 47 per cent rise in 1993 net earnings to HK$1bn (US$129m) from HK$685.2m in 1992.

Analysts in Hong Kong had expected the bank to present something special for its anniversary, but the results published left analysts gasping. The consensus of expectations was for profits to be about 25 per cent ahead of the previous year.

Bank of East Asia said that its earnings were supported by stable interest margins, persistently strong demand for bank loans, and gains in fee-earning business.

Mr David Li, chief executive, said operations in Hong Kong and China had put in a very strong performance last year. Offshore operations, with the exception of the branch in New York, had also performed well.

Mr Li said he expected growing pressure on margins in Hong Kong this year. He said he expected to see a contraction in interest margins and a commensurate rise in the cost of bank funds.

Mr Li said, however, that growth in earnings would be stable for banks in Hong Kong which were expected to rely more on non-interest income than in the past. This would be the case for Bank of East Asia which would also benefit from property sales during the year, he said.

Bank of East Asia's explanation of its success over the past year met with some scepticism among brokers who noted that the result was struck after an unspecified transfer to secret inner reserves.

According to Mr Steven Li, banking analyst with Jardine Fleming: "There is no doubt in my mind that their banking results were not up 47 per cent in the year."

He said he thought that earnings from securities trading and property development helped buoy the result. The transfer the bank made to inner reserves in 1993 might have been a lot smaller than in 1992.

The bank said it would pay a special cash bonus of 10 HK cents a share. A final dividend of 62.5 HK cents a share took total dividends for the year to 90 HK cents a share – up 35 per cent on 1992. Directors also recommended a one-for-four share bonus.

Brother declines to Y603m

By Paul Abrahams in Tokyo

Brother Industries, the typewriter manufacturer and Japan's largest sewing machine maker, yesterday reported pre-tax profits for the year to November 20 down 45 per cent to Y603m ($5m) from Y1.09bn.

The Nagoya-based group said the results had been pulled down by the weak Japanese and European economies.

Turnover fell to Y144.5bn from Y160.8bn, a drop of 10.1 per cent. Domestic sales were particularly weak, down 19.5 per cent to Y41.41bn.

Exports, whose value was undermined by the strength of the yen, fell 5.7 per cent to Y103bn. European demand had been poor, said the company.

Net profits for the year dropped 12.2 per cent from Y826m to Y725m. Earnings per share fell from Y3.08 to Y2.7.

The group, which initiated a cost-cutting programme in June last year, is maintaining its dividend at Y7.5 per share for the year. It predicted pre-tax profits for the 12 months beginning 21 November 1993 of Y1.2bn on sales of Y131.5bn. Net profits would be Y600m.

Last year Brother transferred production of its portable typewriters from Japan to the US.

AGF chairman's challenge in countdown to sell-off

John Ridding on the French insurance appointment

Mr Antoine Jeancourt-Galignani was yesterday appointed as the new chairman of Assurances Générales de France, one of the country's largest insurance groups, and a candidate for privatisation later this year.

Mr Jeancourt-Galignani, who moves to AGF from the head of Banque Indosuez, will succeed Mr Michel Albert, who was appointed earlier this month as one of the six lay members of the monetary policy council of the newly-independent Bank of France.

The expected change at the head of AGF is the latest step in a reshuffle of chairmen at state-owned groups slated for privatisation by the centre-right government of Mr Edouard Balladur.

Mr Michel Pébereau was appointed as head of Banque Nationale de Paris prior to its privatisation last October, while Mr Philippe Jaffré and Mr Jacques Friedmann have respectively taken charge of Elf-Aquitaine, the oil group, and Union des Assurances de Paris, France's biggest insurance group.

Like Mr Pébereau and Mr Jaffré, the new AGF chairman is a graduate of France's elite Ecole Nationale d'Administration and started his career in the Trésor, the country's financial administration. But his latest appointment is not considered to be politically motivated, and is more a reflection of his financial background and his experience of privatisation while at Banque Indosuez. The investment bank has advised the government on several privatisation issues.

Since joining Banque Indosuez in 1979, Mr Jeancourt-Galignani has established a reputation as respected financier. He failed, however, to secure the chairmanship of Cie de Suez, the bank's parent company.

Mr Jeancourt-Galignani will now focus on the preparation of AGF's privatisation. The sale of the insurance group is expected to follow that of Elf-Aquitaine and UAP and could take place in the second half of the year.

AGF has proved relatively resilient in the face of the French recession. In the first half of last year, the group reported net profits of FFr1.4bn ($235m), although Mr Albert warned of a more difficult second half.

The insurance group has also made progress in resolving outstanding problems. In particular, a government-backed recovery plan has been concluded for Comptoir des Entrepreneurs, the loss-making property bank in which AGF has a 30 per cent stake.

"Its property-related problems are being sorted out", said one industry analyst in Paris, who added that the gradual fall in French interest rates should improve prospects for the insurance sector as a whole this year.

The prospect of privatisation could also prompt the establishment of a partnership with Crédit Lyonnais, the state-owned bank. Industry observers in Paris argue that Crédit Lyonnais could become one of AGF's core of stable long term investors after privatisation, creating a strategic alliance similar to the relationship between BNP and UAP.

Mr Jeancourt-Galignani's departure also raises questions about strategy at Suez. Banque Indosuez has traditionally enjoyed a high level of independence from its parent company, but Mr Gerard Worms, Suez chairman, has indicated that he wants to create a more-centralised financial services group and could use Mr Galignani's exit to bring Indosuez under stronger central control.

Gold Fields ahead at mid-term to R143m

By Matthew Curtin in Johannesburg

Gold Fields of South Africa, the mining house whose investments include holdings in some of the country's richest gold mines, reported a 5 per cent improvement in pre-tax profit to R143m ($42m) in the half-year to December 31 from R136m the previous year. The interim dividend is maintained at 70 cents a share.

The group looks set to arrest a four-year slide in earnings by the year-end in June as the recovery in the gold price in 1993 translated into sharply higher dividend receipts from its gold mining investments.

The turnround in the gold market also masks the disappointing performance of the group's R1.7bn developing Northam Platinum mine and struggling base metal operations, knocked by the downward drift in copper, lead and zinc prices for much of the past year.

Investment income rose to R133m from R115m, more than making up for a decline in interest receipts on the group's lower cash reserves.

Costs and expenditure were flat at R86m including exploration spending of R19m, of which one-third was spent on the group's recently-acquired gold mining interests in Ghana, Ecuador and Venezuela. With a negligible tax provision of R5m against R12m last year, after-tax income was up at R138m against R124m.

Mr Robin Plumbridge, chairman, said he was confident of a modest improvement in bottom line profit at the year end from the R287m reported last year with the rise in interim distributable profit to R132m from R118m.

The "surprising strength" of the gold market as prices returned to $390 in December boded well for the year ahead as it seemed the price spike to more than $400 in mid-93 had not done sustained damage to demand for gold from jewellers.

He was optimistic the group's loss-making copper mines would ride out the trough in metal prices.

Mixed results for Anglovaal gold mines

Lower gold revenue and a push to increase tonnage by the gold mines owned by the Anglovaal group brought mixed results in the quarter ended in December, writes Matthew Curtin. Aggregate after-tax income eased to R67.1m from R67.5m in the previous three months.

Heavyweight producer Hartebeestfontein turned in a solid quarter to increase tonnage without sacrificing underground grades. Gold output climbed to 7,342kg from 7,118kg but the combination of lower gold revenue and higher working costs cut working profit to R102.3m from R107.8m. After-tax profit rose slightly to R57.5m from R56.3m because of a smaller tax bill and improved non-mining income.

Loraine, Anglovaal's marginal gold mine, saw working profit crumble to R2.07m from R4.75m despite an increase in the average gold price received.

Eastern Transvaal Consolidated Mines reported after-tax profit of R6.1m compared with R4.8m.

INTERNATIONAL CAPITAL MARKETS

Gilts rally on signs of falling borrowing requirement

By Antonia Sharpe in London and Martin Dickson in New York

UK government bonds rallied more than a point at the long end yesterday in response to the Bank of England's announcement that it will auction £2.75bn of 6¼ per cent Treasury stock due 2010 on January 26. The size of the auction was well below market expectations of between £3bn and £3.25bn, while the maturity and the coupon came as no surprise.

Analysts interpreted the smaller amount of stock on offer as a sign that the funding requirement was falling, and that future auctions were more likely to raise in the region of £2.75bn to £3bn. In the past year, auctions have ranged from £3bn to £3.5bn.

The Bank's decision to set the partly-paid element in March added weight to this view.

GOVERNMENT BONDS

The 8¾ per cent gilt due 2017 rose 1 1/32 point to 126 11/32, while at the shorter end, the 6 per cent gilt due 1999 rose 11/32 point to 101 3/32. The long gilt future rose 26/32 to 119.02.

Although there was not a great deal of activity yesterday, analysts were optimistic that the recent buyers' strike was coming to an end. They said favourable news about inflation – the retail prices index for December is due to be published today – would also encourage buyers.

■ The mood on other European government bond markets also improved yesterday after a shaky start to trading. Most showed gains in late trading. German government bonds rose ¼ point, as the market awaited tomorrow's Bundesbank council meeting.

■ Danish government bonds rose by as much as a ½ point from the day's lows following the Danish national bank's decision to cut the discount and key deposit rates to 5.75 per cent from 6 per cent. They ended the day around a ¼ point higher.

Analysts said that although the cut in interest rates had been widely expected, it still had a positive impact on bond prices because it underlined the favourable outlook for the Danish bond market.

One analyst at a Danish bank in London noted that the yield *differential* between 10-year benchmark Danish and German government bonds now stood at less than 30 basis points. Analysts expect the differential to narrow further.

■ Japanese government bonds and futures continued to weaken as the market remained gloomy about the government's intentions *regarding its fiscal package*. Worries about trade tensions between the US and Japan added to the market's woes, analysts said.

The March contract broke below the technical support level of 115 in Tokyo, losing 1¼ points to 114.95, but rebounded *to 115.15 in London trading*. Liffe reported that its Japanese government bond futures contract set a new daily record of 6,565 contracts yesterday, beating its previous daily record of 5,574 contracts set last May.

The No 157 benchmark Japanese government bond fell just under a ¼ point to 105.53 in Tokyo, and continued to lose ground in London trading.

■ US Government bonds were little changed in light and largely directionless morning trading, though traders reported an underlying bearish sentiment.

The benchmark 30-year Treasury issue stood at 99 23/32, up 5/32 *at lunchtime, to yield* 6.273, while the 10-year issue was unchanged at 100 9/32 to yield 5.711.

Volume was light as the market opened after Monday's Martin Luther King Day holiday. It may also have been slowed by the Los Angeles earthquake affecting west coast dealers.

Traders said the market *remained* unsettled by last week's better-than-expected economic statistics, and a rising trend in commodity prices. The only new statistics yesterday were weekly retail sales figures from Johnson Redbook, due out in the afternoon.

However, the market was *also concerned about today's* announcement by the Treasury of details of its next auction of two- and five-year notes.

OMLX sets launch date for Mid 250 contract

By Tracy Corrigan

OMLX, the London-based equity derivatives exchange, will launch its FT-SE Mid 250 futures and options on February 4, ahead of rival contracts planned by the London International Financial Futures & Options Exchange (Liffe).

The exchange has also appointed 10 marketmakers and four designated brokers. They are required to make prices continuously in the contracts, but there is no obligation to quote prices at a predetermined bid/offer spread.

The FT-SE Mid 250, which consists of medium-sized UK stocks, has substantially outperformed the more widely followed FT-SE 100 index in the past 12 months.

Liffe says it is still preparing the ground for its own FT-SE 250 contracts.

The specifications for the OMLX contracts will be similar to those for Liffe's existing FT-SE 100 contracts, except that the value of each index point will be £10 rather than £25. This means that with the FT-SE 250 index at 4,000 points, the nominal value of the futures contract would be £40,000.

OMLX announced last week that, as well as standard contracts, it would launch "flex" or flexible contracts which can be tailored to individual requirements. The exchange fees will be the same as for the FT-SE 100 contracts.

Correction

Dixons Group

Dixons Group is raising £100m in 10-year bonds, and not $100m as wrongly stated yesterday.

Sweden $2bn deal steals limelight

By Conner Middelmann

The Eurobond sector saw another deluge of issues, absorbing some $2.4bn of US dollar floating-rate notes (FRNs), several sterling issues, and an assortment of other currencies.

Grabbing the limelight in the dollar FRN sector was the Kingdom of Sweden's $2bn issue of seven-year notes via CS First Boston and UBS. The notes pay a coupon of three-month Libor less 12.5 basis points, and were sold at a fixed re-offer price of 99.75 to yield *some 8 basis points below* Libor.

While the lead managers reported demand from European and far eastern accounts, there was a general consensus that the deal was no "blow-out," and would take some time to place.

Some syndicate managers attributed this to the pricing, which they said was on the tight side.

"It would have worked better *around Libor minus six," said* one primary dealer in London.

Another trader pointed out that most central banks, which tend to be keen buyers of sovereign FRNs, cannot buy *paper with maturities exceed*ing five years, implying the deal would take some time to place.

However, the deal's status as a new seven-year benchmark and its five-year call protection are seen to help, allowing the issue to be broadly placed in *coming* weeks.

INTERNATIONAL BONDS

Meanwhile, a $150m 10-year floater for CS First Boston was one of the day's success stories. The notes, which have a 5 per cent floor and pay a coupon of six-month Libor less 12.5 basis points, were snapped up by continental European retail accounts and ended at 100% bid, well above their par issue price.

The European Bank for Reconstruction and Develop*ment issued $200m of one-year* "range-floaters" via Merrill Lynch. The notes are structured so that interest only accrues when three-month Libor falls within a *specific range during certain* dates.

The day's two straight US dollar bonds were deemed to be aggressively priced and met with a lukewarm reception.

General Electric Capital Corporation issued $250m of 6 per cent 10-year bonds via Deutsche Bank. At the re-offer price of 99.319, the bonds yielded 21 basis points over the relevant Treasury bond, which was con*sidered too tight by most* traders.

"Something in the high 20s would have been more appropriate," said one trader. After the syndicate broke, the spread widened out to some 28 basis points over Treasuries.

Another $250m of three-year bonds for DSL Bank via ABN Amro got a similarly cool reception, yielding only 13 basis points over the corre*sponding Treasury note at* issue.

Traders pointed out that the new US three-year notes, to be auctioned in February, will make the DSL paper look even *more expensive as it will yield* roughly the same as the new US notes.

Meanwhile, British Gas launched the first-ever 50-year Eurosterling bond. It issued £200m of 7⅛ per cent bonds due 2044 via CS First Boston. The bonds were priced to yield some 50 basis points over the 8¾ per cent gilt due 2017 at issue.

Buoyed by the gilt market rally, but also by strong inves*tor demand, the bonds ended* the day at 99.40 bid, yielding 49 basis points over the long gilt, the lead manager said.

In the domestic sterling market, Dudley Metropolitan Borough Council issued £100m of 25-year 7 per cent bonds via UBS. The bonds were priced to yield some 65 basis points over the long gilt due 2017. The deal follows recent issues by the City of Salford and Leicester City Council.

The first-ever Swedish krone global bond will feature prominently on today's new issue *calendar. Swedish Export* Credit (SEK) is expected to launch SKr2.5bn of 7.4-year *bonds via Merrill Lynch, yield*ing between 10 and 15 basis points over the 13 per cent *Swedish government bonds* due 2001.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Kingdom of Sweden(a)‡	2bn	(a)	99.75R	Feb.2001	0.175R	-	CS First Boston/ UBS
General Electric Capl.Corp.	250	6.00	99.819R	Feb.2004	0.325R	+21 (5⅞%-03)	Deutsche Bank London
DSL Bank	250	4.50	99.654R	Feb.1997	0.168R	+13 (4⅝%-96)	ABN Amro Bank
EBRD‡	200	(b)	100.00R	Feb.1995	0.15R	-	Merrill Lynch Intl.
CS First Boston‡	150	(c)	100.00R	Feb.2004	0.375R	-	CS First Boston
Salomon‡	100	(d)	100.00R	Feb.2004	0.375R	-	Salomon Brothers Intl.
Kissei Pharmaceutical(e)φ	100	1.375	100.00	Feb.1998	2.25	-	Daiwa Europe
Juki Corp.*‡	60	(f)	99.95	Feb.1999	0.30	-	Fuji Intl. Finance
D-MARKS							
Rheinische Hypothekenbank‡	100	(g)	101.80	Feb.2004	2.20	-	Trinkaus & Burkhardt
GZB‡	*100*	*(h)*	*102.50*	*Feb.2002*	*2.875*	-	DG Bank
STERLING							
British Gas(i)	200	7.125	98.741R	Feb.2044	0.625R	+50 (8¾%-17)	CS First Boston
FRENCH FRANCS							
Abbey Natl.Treasury Services	3bn	6.00	99.56R	Feb.2004	0.375R	+38 (5½%-04)	CDC/ SBC France
Compagnie Bancaire(j)	1bn	zero	99.80R	Mar.1995	0.125R	-	Banque Paribas
GUILDERS							
ABN Amro Bank	500	6.125	99.00R	Feb.2007	0.30R	+30 (8½%-07)	ABN Amro Bank
AUSTRALIAN DOLLARS							
Deutsche Bank Australia‡	100	(k)	99.92R	Feb.1999	0.15R	-	Deutsche Bank London
SWEDISH KRONOR							
General Electric Capl.Corp.	500	6.50	100.00R	Feb.1999	0.25R	+18 (11%-99)	Deutsche Bank London
AUSTRIAN SCHILLINGS							
KNP BT Antiliana	1bn	6.375	101.625	Feb.2001	2.10	-	Creditanstalt-Bankverein

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. *Private placement. φWith equity warrants. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Coupon: 3-mth Libor -⅛%. Callable on any interest payment date from Feb.99 at par. b) Coupon: 3-mth Libor -³⁄₁₆%. Interest only accrues on days 3-mth Libor falls within the following ranges: 18/2/94-18/8/94 0-4%, 19/8/94-21/2/95 0-4¼%. c) Coupon: 6-mth Libor -⅛%; min 5%. d) Coupon: 6-mth Libor -⅛%. e) Fixing: 24/1/94. f) Coupon: 6-mth Libor +0.3%. g) Coupon: 5¼% fxd annual in 1st 2 yrs, 6-mth Libor flat for next 4 yrs and 7% fxd annual thereafter. h) Coupon: 6½% fxd for 1st 2 yrs and 21.4% - 3 x 4-yr DM swap rate (fixing once only, min zero) thereafter. i) Callable any time at the higher of par and a price to give a yield equal to long dated gilts. j) Redemption proceeds: par + (8% x N/360), where N is the number of days 3-mth Pibor falls within declining range (6.6-5.2% to 5.6-4.2%). k) Coupon: 3-mth bank bills -¼%.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/04	120.7100	+0.130	6.33	6.39	6.75
Belgium		7.250	04/04	104.7500	+0.070	6.59	6.51	6.63
Canada *		7.500	12/03	107.7000	+0.500	6.43	6.47	6.75
Denmark		7.000	12/04	106.7000	+0.500	5.89	5.99	6.24
France	BTAN	8.000	12/98	111.1300	+0.130	5.05	4.95	6.05
	OAT	6.750	10/03	108.1200	+0.300	5.64	5.68	5.78
Germany		6.000	09/03	102.6300	-0.160	5.63	5.59	5.73
Italy		9.000	10/03	103.1600	+0.170	8.51†	8.61	8.71
Japan	No 119	4.800	06/99	110.4020	-0.060	2.61	2.29	2.46
	No 157	4.500	06/03	109.5610	-0.240	3.18	2.98	3.16
Netherlands		5.750	01/04	101.1000	+0.100	5.60	5.60	5.72
Spain		10.500	10/03	116.1000	-0.200	8.05	8.16	8.35
UK Gilts		9.750	01/98	114-05	+10/32	5.70	5.75	5.62
		6.750	11/04	104-02	+24/32	6.17	6.23	6.25
		9.000	10/08	122-27	+34/32	6.56	6.56	6.50
US Treasury *		5.750	08/03	100-09	+4/32	5.71	5.63	5.81
		6.250	08/23	99-23	+8/32	6.27	6.25	6.30
ECU (French Govt)		6.000	04/04	100.1100	-0.210	5.98	5.87	6.14

London closing. *New York mid-day. Yields: Local market standard.
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. *Source: MMS International*

BOND FUTURES AND OPTIONS

France

■ *NOTIONAL FRENCH BOND FUTURES (MATIF)*

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	130.64	131.02	+0.22	131.10	130.54	221,388	133,951
Jun	130.14	130.52	+0.22	130.50	130.14	306	10,974
Sep	129.26	129.64	+0.22	129.54	129.16	404	754

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Feb	CALLS Mar	CALLS Jun	PUTS Feb	PUTS Mar	PUTS Jun
129	-	2.09	-	0.02	0.12	0.63
130	1.05	1.29	-	0.07	0.27	-
131	0.30	0.64	-	0.28	0.62	-
132	0.04	0.24	0.59	-	1.23	-
133	-	0.06	0.31	-	-	-
134	0.01	-	0.16	-	-	-

Est. vol. total, Calls 21,685 Puts 18,300. Previous day's open int., Calls 282,370 Puts 325,119.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	100.53	100.71	0.16	100.85	100.28	182149	151402
Jun	100.38	100.67	0.16	100.45	100.30	709	2315

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
10050	0.59	1.03	0.38	0.86
10100	0.35	0.80	0.64	1.13
10150	0.19	0.60	0.98	1.43

Est. vol. total, Calls 21085 Puts 19167. Previous day's open int., Calls 185816 Puts 131219

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	103.11	103.24	0.05	103.25	103.05	2041	9449

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	117.80	118.80	0.73	119.09	117.67	60235	79734
Jun	118.30	118.91	0.74	118.75	118.30	506	1026

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
11850	1.28	2.48	0.98	2.07
11900	1.03	2.23	1.23	2.32
11950	0.81	2.00	1.51	2.59

Est. vol. total, Calls 1551 Puts 570. Previous day's open int., Calls 45418 Puts 43259

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	*Sett price*	*Change*	*High*	*Low*	*Est. vol.*	*Open int.*
Mar	105.50	106.40	+0.66	106.40	105.47	59,358	84,358
Jun	105.50	106.08	+0.59	106.30	105.50	74	7,916

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	118-01	119-01	0-26	119-06	118-00	92156	99073
Jun	117-21	118-13	0-26	118-03	117-21	99	220

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
119	1-00	1-40	0-62	2-14
120	0-36	1-13	1-34	2-51
121	0-18	0-56	2-16	3-30

Est. vol. total, Calls 10873 Puts 9907. Previous day's open int., Calls 86158 Puts 64591

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	121.54	121.50	-0.08	121.60	121.26	5,811	14,154
Jun	-	96.68	-	-	-		60

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	115-08	115-15	+0-08	115-24	115-03	36,579	326,978
Jun	114-06	114-12	+0-06	114-21	114-02	58	16,173
Sep	113-15	113-13	+0-15	113-22	113-13	11	20,847

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	114.61	-	-	115.36	114.60	6565	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Tue Jan 18	Day's change %	Mon Jan 17	Accrued interest	xd adj. ytd		Low coupon yield Jan 18	Low Jan 17	Low Yr. ago	Medium coupon yield Jan 18	Medium Jan 17	Medium Yr. ago	High coupon yield Jan 18	High Jan 17	High Yr. ago
1 Up to 5 years (25)	129.39	+0.19	129.14	1.72	0.62	5 yrs	5.68	5.77	7.08	5.94	6.01	7.48	6.05	6.12	7.71
2 5-15 years (22)	162.59	+0.46	161.85	2.79	0.10	15 yrs	6.45	6.51	8.36	6.56	6.62	8.83	6.77	6.82	9.09
3 Over 15 years (8)	188.59	+0.67	187.33	2.51	0.00	20 yrs	6.57	6.62	8.64	6.60	6.66	9.03	6.79	6.83	9.16
4 Irredeemables (6)	224.42	+0.37	223.60	1.95	0.00	Irred.†	6.70	6.73	8.98						
5 All stocks (61)	156.95	+0.41	156.30	2.38	0.27										

Index-linked	Tue Jan 18	Day's change %	Mon Jan 17	Accrued interest	xd adj. ytd		Inflation 5% Jan 18	Inflation 5% Jan 17	Inflation 5% Yr. ago	Inflation 10% Jan 18	Inflation 10% Jan 17	Inflation 10% Yr. ago
6 Up to 5 years (2)	191.55	+0.18	191.20	1.48	0.00	Up to 5 yrs	2.20	2.25	2.48	1.42	1.47	1.59
7 Over 5 years (11)	191.18	+0.59	190.06	0.42	0.57	Over 5 yrs	2.96	3.00	3.82	2.80	2.84	3.63
8 All stocks (13)	190.28	+0.55	189.24	0.52	0.51							

Debentures and Loans	Tue Jan 18	Day's change %	Mon Jan 17	Accrued interest	xd adj. ytd	5 year yield Jan 18	5 yr Jan 17	5 yr Yr. ago	15 year yield Jan 18	15 yr Jan 17	15 yr Yr. ago	25 year yield Jan 18	25 yr Jan 17	25 yr Yr. ago
9 Debs & Loans (63)	155.81	+0.49	155.04	2.61	0.26	7.43	7.37	8.91	7.60	7.65	9.94	7.71	7.78	10.10

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Jan 18	Jan 17	Jan 14	Jan 13	Jan 12	Yr ago	High*	Low*
Govt. Secs. (UK)	106.13	105.75	105.77	106.00	106.41	93.28	107.60	93.28
Fixed interest	131.57	131.54	131.64	131.91	132.10	108.74	132.24	108.67

* for 1993/94. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed interest high since compilation: 132.24 (10/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Jan 17	Jan 14	Jan 13	Jan 12	Jan 11
Gilt Edged bargains	101.6	123.6	123.7	105.0	165.3
5-day average	123.9	129.2	121.9	115.2	109.1

UK GILTS PRICES

Shorts (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

Other Fixed Interest

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:35 pm on January 18

U.S. DOLLAR STRAIGHTS

SWISS FRANC STRAIGHTS

YEN STRAIGHTS

OTHER STRAIGHTS

DEUTSCHE MARK STRAIGHTS

FLOATING RATE NOTES

CONVERTIBLE BONDS

Stanley Leisure jumps 52% and calls for £21m

By David Blackwell

Stanley Leisure, the betting shops and casino chain, yesterday announced a 52 per cent rise in interim pre-tax profits and launched a rights issue to raise £21.1m net of expenses.

The proceeds of the issue will be used to reduce borrowings and enable the group to take advantage of further acquisition opportunities.

Mr Leonard Steinberg, chairman, said the group was moving up from the "second division to the first division" in its markets. He pointed out that there were 40 chains of 10 or more betting shops, with a total of some 1,000 shops, which could become takeover targets.

Stanley's pre-tax profits rose to £5.36m for the six months to October 31, compared with £3.53m. Turnover increased from £108.5m to £131m.

The group now claims to be the fourth largest UK bookmaker, with 401 shops following last year's £6m acquisition of the Selwyn Demmy chain. It also has 18 casinos, making it the third biggest UK operator.

The cash call will comprise the issue 7.98m new shares at 275p a share on a 3-for-17 basis underwritten by Hambros. Brokers to the issue are de Zoete & Bevan.

Mr Steinberg will not take up his rights entitlement. That will reduce his holding in the company from 30.4 per cent to 25.9 per cent of the enlarged share capital.

Group borrowings were £35.5m on December 19, giving gearing of 36.7 per cent. After the rights issue, borrowings will be reduced to £14.5m, and gearing to 15 per cent.

The shares closed yesterday at 333p, down 2p.

The average stake at the betting shops rose by 7 per cent, from £3.42 to £3.66. Figures for the division were helped both by acquisitions and by the introduction of evening opening at the betting shops, the group said. Average spend in the casinos rose to £86 (£82).

Earnings per share rose from 5.48p to 8.34p. An interim dividend of 1.75p (1.52p) is declared. The group also forecast a final dividend of 3.5p, making a 5.25p (4.32p) total for the year ending May 1.

● COMMENT

Stanley Leisure may be in the gambling business, but there is little of the gambler in this management which has made slow but sure progress in a tricky sector. Mr Steinberg is quick to stamp on any suggestion of more ambitious expansion plans, but the rights issue will put the group in a strong position to continue with the acquisition policy that has stood shareholders in good stead so far. Full year profits of £11m would put the group on a p/e of 20 – not cheap, but probably a safe bet.

Trevor Humphries

Leonard Steinberg (left) and Mike Kershaw, managing director of the racing side: moving up from the second to first division

Lookers shares leap as profits treble to £5m

By Peter Pearse

Shares in Lookers leapt 31p to 229p yesterday as the Manchester-based motor dealer announced pre-tax profits more than trebled in the year to September 30.

Profits expanded from £1.63m to £5.01m on turnover up from £332.7m to £363.3m.

Mr William Martindale, chairman, said that the main engine of growth was the increased level of new and used cars sales in the volume car segment. The agricultural division continued to recover strongly, he added, since the devaluation of the green pound.

Lookers' sales of new cars – at about 17,500 – represented a 20 per cent advance over last time: this in turn was 8 percentage points higher than the national increase of 12 per cent. Sales of used cars – at about 15,000 – represented a rise of 14 per cent over last time.

Mr Martindale said that in the case of both new and used cars, margins had risen. He said that his salespeople had "worked really hard" and that there had been many promotions to achieve the sales. Further, the group had managed to prevent the overhead level rising.

Car prices would not rise in the UK, said Mr Martindale, while the current competition persisted. With the Continent in recession, the UK was the only expanding car market and therefore was targeted by all manufacturers. Lookers has 10 Vauxhall franchises, and nine Rover. Among others, it also has four Nissan, three Ford, VAG, Renault and Toyota, and two Seat, Hyundai and Land Rover.

The profit included a £452,000 surplus from the sale of 51 per cent of Lookers Planned Motoring, the contract hire business, to Woodchester Credit Lyonnais, Lookers' 29.8 per cent shareholder.

Earnings vaulted to 12.3p (0.1p) per share and the final dividend is lifted to 4.5p (4.2p) for a 6.5p (6.2p) total.

Siemens UK sees recovery

By Tony Jackson

The UK subsidiary of Siemens, the German electronics giant, forecast a strong recovery in profits this year, in contrast to last week's surprise warning from the parent company of a fall in profits of up to 15 per cent worldwide.

UK sales of semiconductors were up 60 per cent last year, in the context of a market increase of 40 per cent, said Mr Juergen Gehrels, UK chief executive. "Semiconductors are an economic indicator, an early warning system," he said. "This is further proof that the UK is coming out of recession." In the first quarter of the current year, semiconductor sales had doubled.

In the year to end-September, Siemens UK achieved its target of £1bn sales, 14 per cent up on the year before. Including the completion of the Killingholme power station, valued at £245m, sales reached £1.25bn. The UK operation was marginally profitable overall, Siemens said, before including profits from its minority holding in the GPT telecommunications business.

Mr Gehrels said some divisions had remained in loss, including Siemens Plessey Systems and the Osram lighting business. However, the Siemens Nixdorf computer business returned to profit. All divisions would be in profit this year, he said.

● ACT Group has sold ACT Cablestream, its network communications solutions, products and services business, to Siemens UK.

The sale fits in with the group's strategy to focus on its financial software products and software and services activities.

Consideration is £5m, of which £4.5m was paid on completion with an adjustable balance, relating to net assets, of up to £2.5m.

Alexanders stages recovery to £512,000

Alexanders Holdings, the Glasgow-based Ford main dealer, achieved a pre-tax profit of £512,000 for the year to end-September, against a deficit of £691,000.

The recovery was struck on turnover down from £88.8m to £87.2m, and provided the first tangible evidence of improving fortunes for the company, according to Mrs Aleksandra Clayton, chairman.

Alexanders' Ford main dealerships raised total new vehicle sales by 6 per cent over the previous year, while the parts operations continued to strengthen.

Used vehicle sales, however, suffered from the general collapse of prices during the last quarter of 1992.

A single dividend of 0.5p (nil) is proposed, payable from earnings per share of 1.25p (1.39p losses).

Fortune Oil in £5.5m Chinese joint venture

By Robert Corzine

Fortune Oil, the London-quoted energy company partly owned by Chinese state interests, has entered into a £5.5m joint venture to sell liquefied petroleum gas in southern China.

The 25-year agreement is with ZGC, a local gas company in Zhanjiang, a coastal city of some 3m inhabitants in Guangdong province, which borders Hong Kong. Vitol Energy, one of Fortune's main shareholders, is also involved. Fortune's share of the investment will be about £1.5m.

The company was created last year via the acquisition by Blackland Oil, a former USM company, of Kingsleigh Petroleum of Hong Kong. It was the London market's first "red chip" company with direct Chinese state ownership.

Zeneca to build plant in China

By Daniel Green

Zeneca announced plans yesterday to build a \$40m (£27m) herbicide plant in China. The company has signed a memorandum of understanding with China's Chemical Industry ministry and is now looking for a site and a joint venture partner.

Zeneca, which demerged from ICI last year, said it expects the plant to be on stream by the start of 1996. It will be able to make 3,000 tonnes annually of Paraquat, the active ingredient in some of the company's herbicides.

Zeneca does not reveal its world output of the chemical, but the new plant would join others in the UK, US, Brazil, Japan, Thailand and Malaysia. A new UK plant is planned to produce 8,000 tonnes a year.

China is one of the fastest growing markets with demand for non-selective herbicides such as Paraquat having doubled in the past four years.

"Rising prosperity in China will increase the demand for food in terms of both quantity and quality," said Mr Gordon Barker, business director of Zeneca Agrochemicals. "This demand will be met by greater use of modern methods of agricultural production."

This is the second announcement in a week by Zeneca of expansion in China. On January 13 it announced the launch of its diprivane anaesthetic.

Wood Mackenzie, the stockbroker, estimates the world market for paraquat at \$460m a year.

Last significant US asset of MCC sold

By David Blackwell

Price Waterhouse, joint administrators to Maxwell Communication Corporation, yesterday agreed the sale of Standard Rate & Data Service, the last of MCC's significant assets in the US.

Standard Rate & Data, which has annual turnover of between \$30m (£20m) and \$35m, is the market leader for finding and pricing advertising space in US newspapers and magazines and on radio. The price is thought to be between \$50m and \$70m.

Price Waterhouse has signed a letter of intent with a group of private investors, who will be financed in part by Continental Illinois Venture Corporation. They hope to complete the deal by the end of March.

The sale will bring the total realised from MCC's US assets to more than \$1.5bn.

Mr Alan Jamieson, one of the joint administrators, said Price Waterhouse would be writing to all MCC creditors setting out the detailed realisations and dividend prospects.

He said the latest sale had helped to knock the bottom off the 22p-43p in the pound range estimated last year. An additional 9p could emerge from successful litigation.

Windsor £1.1m in the red

By Richard Lapper

Windsor, the insurance broker which specialises in sports, leisure and contingency insurance, yesterday announced a 75 per cent increase in operating profits for the year to September 30, but incurred pre-tax losses of £1.11m after provisions and charges of £1.82m.

Losses per share – reported under FRS 3 – were 3.93p against earnings of 1.69p.

Some £1.7m in provisions were incurred as a result of writing down the market value of an investment property – a 25,000 sq ft office block – in Hemel Hempstead to £1.5m.

Windsor has now lost more than £2m on the property which it acquired in 1989.

Mr Mike Eagles, chief executive, who has headed an extensive reorganisation since he joined the group in 1991, said he was now confident about selling the property.

He pointed to a strong underlying growth in business, especially in areas like professional indemnity, and a 10 per cent growth in revenues to £8.4m.

Lager sales help lift Everards

Everards Brewery, the Leicester-based independent brewer, reported pre-tax profits more than doubled over the 12 months to September 25.

On turnover ahead 5.4 per cent at £35.3m, operating profits were £2.91m (£2.12m). After a reduced net interest burden, the pre-tax line emerged at £1.86m (£899,000).

The decision to reappraise its lager portfolio, resulting in the introduction of Carling Black Label and Labatt's, led to higher volume and profits.

Earnings per share improved to 67.8p (50.5p). The final dividend goes up to 6.8p for a total of 13.6p (13p).

Bradstock buys Yarrow Young for up to £4.2m

Bradstock Group, the insurance broker, is paying up to £4.2m for Yarrow Young, a general commercial insurance broker and financial adviser.

The consideration is made up of an initial £3.5m cash and a further profit-related £700,000.

Part of the initial payment will be satisfied by a vendor placing of 2.1m shares at 149p each to raise about £3.1m, before expenses.

Bradstock is raising a further £3m by a placing of 2m shares, again at 149p. A large part of the proceeds will be used for repayment of Yarrow Young's debt.

Both placings have been underwritten. Bradstock shares closed 3p lower at 153p.

In total, shares to be issued will amount to about 7.5 per cent of Bradstock's existing share capital. It is expected that the effect of the acquisition and placings on earnings per share in the year to September 30 1994 will be broadly neutral.

In the year to May 31 1993 Yarrow Young reported turnover of £2.6m (£2.5m) for pre-tax profit of £176,000 (£61,000). Net liabilities at the end of the period were £1.9m.

Photo-Me in acquisition talks

Photo-Me International, the world's largest photo-booth manufacturer and operator, said it was in advanced talks to buy a complementary business.

The deal, if completed, would be financed by a share issue, with the vendor retaining the shares.

A further announcement would be made soon, together with interim results, which were due yesterday.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Aberforth Small ......fin	2.5	Mar 4	2.5	4.6	4.6
Alexanders ......fin	0.5	Apr 8	nil	0.5	nil
CMA § ......fin	3	Apr 1	3	4	4
Dawson Hldgs ......fin	18	Mar 7	18	26	24
Denmans Elect § ......fin	4.5	-	4.3	6.4	6.1
Everards ......fin	6.8	-	6.5	13.6	13
Heath (Samuel) ......int	1.5	Apr 6	1.5	-	5.5
Lookers ......fin	4.5	Apr 30	4.2	6.5	6.2
Stanley Leisure ......int	1.75	Feb 22	1.52	-	4.32
YRM ......int	nil	-	0.5	-	0.5
Zetters ......int	4	Feb 25	4	-	8

Dividends shown pence per share net. §USM stock.

COMPANY NEWS: UK

Colin Beere

Tony Caplin: there is no guarantee of a market recovery in 1994 . . . the company remains vulnerable

HunterPrint to cut costs in bid to eliminate losses

By Tim Burt

HunterPrint, the specialist printing company, has embarked on a £3m cost-cutting programme in a bid to reduce losses and improve gearing.

The Corby-based group announced the move yesterday after warning that difficult trading conditions were continuing to hamper its performance.

In the year to September 1993, the company incurred a pre-tax loss of £3.2m, compared with a restated deficit of £12.2m.

Although the losses represented a substantial upturn on the 1992 results, the improvement was undermined by an exceptional £1.2m charge to cover the cost of disposing of surplus property assets.

Turnover, meanwhile, fell by 3 per cent to £50.8m (£52.2m). Losses per share came out at 6.7p (68p).

The group's difficulties were highlighted by its admission that year-end borrowing of £17.9m was higher than expected in spite of cost-cutting and the completion of two refinancing packages in recent years.

Gearing exceeded forecast levels because the group had invested £6.2m in plant and facilities, including three second hand presses.

Mr Tony Caplin, chief executive, said the presses were needed to ensure capacity for £10m of new orders to print supplements for Associated Newspapers, the Guardian Media Group and Mirror Group Newspapers.

Income from the new orders, however, was not generated in time to influence the 1993 figures.

Printing demand from other customers remained "low and erratic" as advertising expenditure continued to decline, Mr Caplin added.

"There is no guarantee of a market recovery in 1994; even with the level and nature of contract orders, the company remains vulnerable in the current competitive pricing of spot market work."

His caution has increased uncertainty over the business, which has failed to revive its fortunes despite raising £18.3m through a placing and offer as part of its last refinancing package in December 1992.

Since then the share price has fallen sharply from a high of 50p. It closed down 2p yesterday at 25p after the company said it had no distributable reserves to pay a dividend on either its convertible preference or ordinary shares.

Supplying parts to consolidate the market

Andrew Bolger reports on Finelist, where a young team is leading the flotation

Distributing automotive parts during a recession sounds a daunting prospect, but this harsh *trading environment has* nurtured one of the youngest executive teams to seek a listing in the current wave of flotations.

Finelist, which will be floated next month with a market value of about £25m, is led by Mr Chris Swan, 35, executive chairman. Mr Sadhana Reddy, the finance director, is another corporate youngster at the age of 33. While a chartered accountant with Peat Marwick he advised Mr Swan when he took control in 1991, and joined Finelist in early 1992.

However, more City experience comes in the shape of Mr Brian North, a former executive of Burton and Thorn EMI, who joined as non-executive deputy chairman in 1992. He is a director of various private and public companies, including Haden MacLellan and Baris Holdings. The group intends to appoint another non-executive director and an operations director.

Finelist says it has made rapid progress in a fragmented market by stressing high levels of service to garages, computerising stock and financial controls and emphasising staff training and motivation.

The company has 73 outlets, including 25 franchises, trading principally under the Autela name. About 18 months ago it had 48 outlets.

Turnover has grown from £11.6m in 1990 to £16m in the year to June 30 1993, with operating *profits increasing from* £500,000 to £1.2m. The prospectus will forecast pre-tax profits almost doubling to £2m in the present year to June.

The flotation will raise between £5m and £6m of new money, which will be used for expansion. The group has an initial target of 120 outlets.

Mr Swan, who will own between 15 per cent and 18 per cent of the equity after flotation, said: "We are going to expand through acquisition. We could expand by another 20 sites without materially increasing overheads."

The first areas identified for expansion are along the M4 corridor, the east Midlands and the Borders. Last April the group entered west London by paying £500,000 for Willow Vale, a chain of five outlets. It hopes to expand around the M25 using the Willow Vale name, which has also been applied to LH Codd's four north Devon sites bought last July for £950,000.

The Autela business was the subject of a management buy-out in 1989 from BBA Group, which had acquired it with the rest of Automotive Products in 1971. Mr Swan was part of the initial buy-out team and then took full control with a second buy-out, backed by 3i and NatWest Ventures, of the other directors.

It offers free delivery of parts in under an hour to customers *within* seven miles of a branch. It also offers a no-quibble, 12-month guarantee of any component, backed by the manufacturer, whether or not the part was faulty.

Mr Swan says: "The trick is to make significant margin out of it to make it profitable. We're a service provider and we can charge for it. A garage owner gets his customer's car off the ramp and will pay accordingly."

Finelist's gross profit margins have increased from 13.8 per cent in 1990 to 18.6 per cent in 1993, and at the operating level from 4.5 per cent to 7.5 per cent.

It has invested in a Tridex computer system, which provides branches with an electronic catalogue listing 208,000 component parts. Even inexperienced staff can, within seconds, establish the availability and customer-specific price of any part, and any related sales opportunities.

The group does not use a central warehouse, relying on just-in-time delivery from the manufacturers and its own stocks. The average outlet would hold 30,000-40,000 parts, and can obtain components from anywhere in the group.

It is this industry-wide trend towards computerised stock control, plus the advantageous terms on which Finelist can buy components from manufacturers, which convinces Mr Swan that the automotive distribution sector is ripe for consolidation.

Chris Swan: charging for being a service provider

The group estimates that the UK has 2,400 outlets, a quarter of which are operated by the three national chains – Brown Brothers (part of Dana UK), Edmunds Walker (part of Unipart) and Partco, an unquoted Coventry-based group.

Mr Swan believes many family-owned businesses are struggling to compete. They have to rely on paper catalogues to keep track of the increasing number of components in demand, which reflects the greater variety of models on the road.

As well as making more small cash acquisitions, Mr Swan said the group would be prepared to issue paper for a larger acquisition before the end of year.

BZW is acting as brokers to the flotation, which is being sponsored by NatWest Markets Corporate Finance.

NEWS DIGEST

All-round growth lifts Denmans

Denmans Electrical attributed the 33 per cent expansion in annual profits, announced yesterday, to an all-round improvement across its market areas.

On turnover ahead 7 per cent to £38.4m, pre-tax profits for the 12 months to end-September jumped from £1.52m to £2.03m. Mr Arnold Denman, chairman, said the sales increase "represented real *growth in a flat market with* no price inflation".

The shares were marked 55p higher at 528p.

The wholesale operation, expanded since the year-end to 45 branches with the acquisition of Palmer Riley, made progress amid "signs that the long recession in the electrical wholesale market is now ending."

A proposed final dividend of 4.5p brings the total for year to 6.4p (6.1p), payable from earnings of 30.74p (23.73p) per share.

Aberforth Smaller

Basic net asset value per share of the Aberforth Smaller Companies Trust stood at 188.6p at the December 31, against 165.1p at the interim stage and 122.8p at end-1992.

Total revenue for the year fell to £4.72m (£5.57m). Available revenue amounted to £2.46m (£3.27m), giving earnings per share of 4.36p (5.8p).

A same-again final dividend of 2.5p is proposed to maintain the total at 4.6p.

Tamaris

Tamaris, the Berkshire-based long term care provider, returned to the black with £2,000 pre-tax in the six months to September 30.

The outcome, achieved on turnover of £1.75m (£1.68m), compared with losses of £28,000 last time and £50,000 at the March year-end.

Mr William Fitch, chairman, said the improvement reflected continued operating efficien*cies, higher occupancy* levels and reduced interest rates.

Earnings per share were 0.01p, against losses of 1.26p.

Worthington

Worthington Group, the trimmings and buttons maker, is acquiring Henderson Holmes & Reiss for £1.73m, to be satisfied as to £1.58m in cash with the balance in shares valued at 51p each.

To finance the cash element Worthington is proposing a 1-for-3 rights issue of up to 6.32m ordinary shares at 51p to raise about £2.9m.

Henderson Holmes makes waistbands and tapings. For the year to March 1993 it reported pre-tax profits of £482,000 on turnover of £7.9m.

Samuel Heath

Samuel Heath, the hardware and giftware maker, reported pre-tax profits ahead from £95,000 to £136,000 in the six months to September 30.

Turnover was static at £3.59m (£3.55m) with increased exports making up for lower domestic sales.

Earnings per share were 3p (2.1p). The interim dividend is held at 1.5p.

Freeman

Shares of Freeman Group jumped 27p to 232p yesterday on news that directors were in discussions which may lead to an offer for the company.

The USM-traded group is an insulation, distribution and fabrication specialist. For the half year to June 30 it suffered a fall in pre-tax profits from £550,000 to £357,000 after taking account of exceptional income of £147,000.

Dawson Holdings rises to £3.8m

Dawson Holdings, the international journal distributor, lifted pre-tax profits from £3.01m to £3.83m for the year ended September 30, on turnover 9 per cent higher at £119.9m.

However, the company warned that curtailed price *increases and the fact that most efficiency* savings had already been made, meant it did not expect to show an improvement in profits next year.

Dawson said the worldwide library market suffered intense cost pressures. Despite continued success in integrating units and winning new business in the EU, the US, the Middle East and China, it did not forecast a real increase in *profit from its traditional businesses next year.*

Earnings per share climbed from 55p to 72p and the year's dividend is 26p (24p) with an unchanged 18p final.

How to distribute the cash mountains

Michael Smith reports on a poser facing the regional electricity companies

It is the kind of predicament which most companies can only dream of. Some of Britain's electricity distributors have so much money that they do not know what to do with it.

This week Eastern Electricity, one of the 12 regional electricity companies in England and Wales, has shown one way by starting to buy back some of the shares issued when it was privatised, along with the other 11, three years ago.

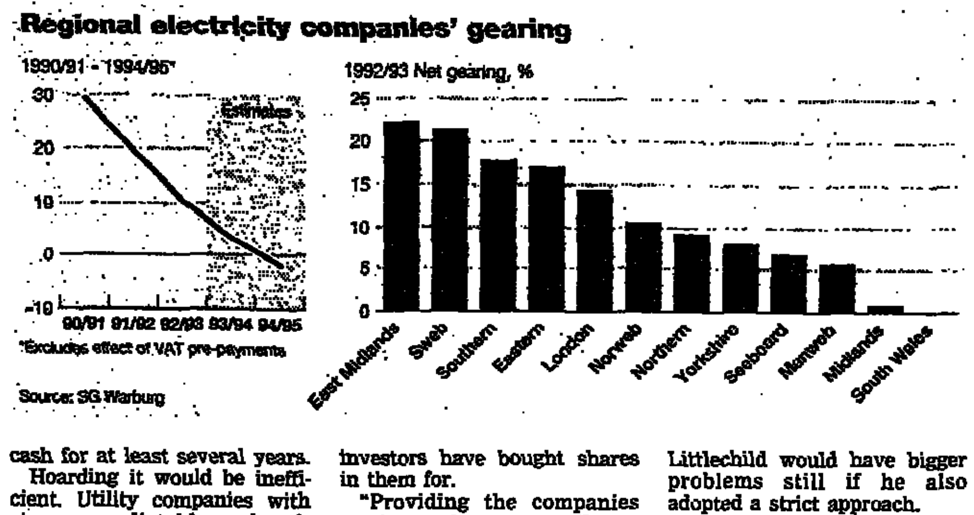
This will reduce the company's cash pile, £90m and growing, and increase the earnings of the shares which remain in issue. It also pleased the City which yesterday marked up the company's and the sector's shares.

Further, and more radical, balance sheet restructuring in the sector is inevitable as companies get to grips with the welcome but complex problems presented by generating far more profit and cash than the government imagined at flotation.

At the end of this financial year in March, several of the companies will be cash positive and the sector as a whole may have net cash.

Changes from April 1995 in regulatory controls covering their distribution businesses may dent the growth but some analysts believe that, even if the changes are radical, the companies will continue to generate cash for at least several years.

Regional electricity companies' gearing



*Excludes effect of VAT pre-payments

Source: SG Warburg

Hoarding it would be inefficient. Utility companies with strong, predictable and safe earnings can afford to have, and would benefit from, higher debt than most companies. Debt should be even more attractive in times of low interest rates.

"Many of the recs are over-capitalised," says one analyst. "Put simply the cost of the equity is about 8 per cent, if you assume yield of 4 per cent and about 4 per cent for real dividend growth. The cost of debt in the market would be about 7 per cent."

Mr Bob Turgoose, a partner with Price Waterhouse and a specialist in the electricity sector, says creating large cash piles is unlikely to be welcomed by shareholders. "The recs would begin to look like banks and that is not what investors have bought shares in them for.

"Providing the companies can invest the money well they will get better returns elsewhere. Electricity companies could lift their gearing levels considerably without anyone batting an eyelid."

The recs' rude financial health stems in part from their unexpected progress in cutting staff and costs but also from the relatively generous terms on which they were floated by the government.

"The more complicated a business the better chance it had in the privatisation process," says Mr Nigel Hawkins, analyst at Hoare Govett. "Thus electricity fared far better than water."

Although Professor Stephen Littlechild, the industry regulator, has signalled he will considerably tighten price controls in the forthcoming review, there are doubts about how tough he can be.

"There is strength in numbers," says Mr Hawkins. "There will be huge debates about whether he is treating all the recs fairly but Prof Littlechild would have bigger problems still if he also adopted a strict approach.

"But to stop positive cash flows he is going to have to be pretty vicious. Most of the companies have a fair amount tucked away in their back pockets for future cost reductions."

Even if the review results in the distribution cash flow drying up, some analysts believe the recs could still be cash positive overall, in part because of likely improvements to the supply businesses' debt collection processes.

The recs have two main options for dealing with their cash surpluses. The first is to take the familiar but dangerous path of diversification. Finding areas for investment will not be easy.

Difficulties experienced by some of the water companies in diversifying have left the market wary. Among utilities, investors tend to favour the cautious.

Most of the recs have entered or are looking at the gas supply business following the government's opening up of that market. Some, including Midlands Electricity, are looking at investing in generation projects abroad but the opportunities are limited and commitments so far are minimal.

"The problem with cash piles is that they increase pressure to buy something you may later regret," says one chief executive.

The second option is to pay back some of the cash to shareholders. Share buy-backs are the most obvious route. So far East Midlands, which has permission to buy 5 per cent of its stock, and Swalec are the only companies to have shareholder approval, and several recs are likely to ask for shareholder approval at annual meetings later this year.

A simpler payback method would be to increase dividends to shareholders. That could be achieved by lifting the increases by even more in real terms than the 6 per cent or so minimal a year that analysts are expecting post-1995.

But this has its dangers, especially as the next general election approaches and the chances of a victorious Labour party imposing a windfall profits tax on electricity companies increases. Some rec executives are therefore beginning to consider privately a large, one-off dividend.

Unlike Ofwat, the water regulator, Prof Littlechild has raised no objections to high dividend increases.

However, none of the companies are likely to do anything radical before Prof Littlechild completes his distribution review. Even Eastern appears to be merely testing the water, having bought less than 1 per cent of its shares.

ICI India sells fertiliser operations for £25m

By Stefan Wagstyl in New Delhi

ICI India, the Indian affiliate of ICI, the British diversified chemicals group which is undergoing large-scale restructuring, is selling its fertiliser operations for about £25m.

The company yesterday announced the move, which followed the disposal of a 49 per cent stake in its polyester fibres business for £16m last year.

ICI India, 51 per cent-owned by ICI, is responding to pressures created by the Indian government's economic liberalisation programme, launched in 1991, which is driving companies to reorganise their activities and concentrate resources on operations which appear to have the best potential and sell others.

The fertiliser division is a substantial part of ICI India, accounting for 40 per cent of total turnover of Rs9.8bn (£209.4m) for the year to last March. Fibres made up a further 13 per cent. ICI India said the sales would leave the group free to focus on its remaining business including explosives, paints and chemical catalysts. No further big disposals were planned.

The company denied that the disposals showed any lack of confidence in India's reforms. "Our view is that the chances mean we must focus on businesses and really go for the products where we are strong," said a senior official.

ICI India is selling the fertiliser business to the GP Goenka group, a diversified chemicals and agricultural products combine. In addition to the purchase price, ICI India is to receive outstanding fertiliser production subsidy payments from the Indian government of about £20m.

The stake in the fibres operations was sold to companies linked to Reliance Industries, India's largest chemicals group.

YRM deficit rises to £1.2m

In his first statement since taking over as chairman of YRM, the building design consultancy, Mr Tony Hunt unveiled an increase in losses from £498,000 to £1.19m pre-tax for the half year to end-October.

Losses per share emerged at 8.15p (2.78p) and the interim dividend is omitted – 0.5p was paid previously but the final was passed as the full year deficit reached £1.98m.

With all areas of business suffering "extremely difficult" trading conditions turnover fell from £7.89m to £5.5m.

Mr Hunt said, however, that the rebuilding in the City of London had brought work for most divisions and that in Berlin, instructions had been received for refurbishment work on a chain of hotels.

Proteus link prompts 42p share price rise

By John Murrell

Proteus International, the USM-traded computer-aided molecular modelling group, has signed an agreement with American Home Products to design and develop biologicals and pharmaceuticals as animal vaccines and therapeutics for the global market.

The news prompted a 42p rise in Proteus shares to 472p.

The alliance with AHP, the world's fourth largest pharmaceutical company ranked by total sales and the third largest in veterinary products, is intended to be a multi-product joint venture that will concentrate on a wide range of potential animal health products – including lytic peptides as enhancers of and substitutes for current antibiotics.

AHP has an animal health product range of some 200 products. It had total sales of about $8bn (£5.4bn) in 1992, of which $4.5bn was in human and animal pharmaceuticals.

Under the terms of the agreement Proteus becomes the research arm of Fort Dodge Laboratories, the centre of AHP's animal healthcare activities.

At present, the worldwide market for surgical neutering of dogs and cats alone is over $700m a year. Proteus's immunocastration product, which will be available through AHP, could "greatly increase" the size of this market.

NEWS DIGEST

Slight downturn at Zetters

Zetters Group showed a slight reduction in pre-tax profits from £427,000 to £421,000 in the six months to September 30, on reduced turnover of £10.7m, against £10.8m.

Turnover from football pools slipped to £10.5m (£10.6m), while competitions and marketing rose to £166,000 (£88,000) and the spotting-the-ball partnership contributed £122,000 (£111,000).

After lower tax of £147,000 (£160,000), earnings per share edged ahead from 4.1p to 4.2p. The interim dividend is again 4p.

Since August pools turnover had risen, following a small price increase in stakes and the broadening of the collector service.

Auction proceeds for the USM-quoted company fell 7 per cent to £294.3m (£315.3m), but improved efficiencies enabled operating profits to rise 21 per cent to £1.16m (£960,000).

There were, however, higher finance costs of £345,000 (£292,000) and lower disposals proceeds of £43,000 (£185,000).

After a higher tax charge earnings per share fell to 4.52p (5.46p). The dividend is held at 4p with a proposed unchanged final of 3p.

Central Motor Auctions static

In difficult trading conditions Central Motors Auctions reported static pre-tax profits of £862,000 for the year to end-October, against £853,000.

Meggitt forms new business unit

Meggitt is forming a new unit within its electronics division by bringing together five companies with related products and markets.

The strategic business unit, Meggitt Petroleum Systems, is being created to ensure a co-ordinated strategy for European and world markets.

With a combined turnover of £25m, MPS embodies five trading companies: Micrelec; SA Micrelec; Triscan; Lectronic Specialists and Land Restoration Systems.

Their products include supply of retail and commercial fuel controls and management information systems as well as specialist service operations.

COMMODITIES AND AGRICULTURE

Omani minister to press on with non-Opec tour

By Robert Corzine

Efforts to prop up weak oil prices by co-ordinating a worldwide cut in output by major producing countries are to resume in the next few days despite few signs of any significant progress.

Traders yesterday reacted sceptically to news that Mr Said bin Ahmad, the Omani oil minister, would resume his tour of producers outside the Organisation of Petroleum Exporting Countries. In late London trading the benchmark Brent Blend fell briefly below $13.75 a barrel, compared with Monday's closing price of $14.09.

Mr Shanfari met his Saudi counterpart, Mr Hisham Nazir, in Riyadh yesterday to review the results of his recent visits to a number of independent oil producers. A statement said the two men discussed the "ways and means that lead to safeguarding the balance in the market".

Mr Shanfari said that "within days" he would visit those producers not included in his original tour. It included stops in the UK and Norway, the two independent producers whose rising North Sea output over the past year has been singled out by some Opec members as undermining their attempts to steady oil markets.

Both governments have said they would not participate in any co-ordinated cuts.

Saudi Arabia, the world's largest exporter, has steadfastly rejected any production cuts from its present Opec quota of 8m barrels a day unless non-Opec producers also participate.

Guyana's gold output boosted sharply by new mine

By Canute James in Kingston, Jamaica

Guyana's gold production last year reached 296,940 ounces, almost four times the 1992 level. The increase was the result of output from a new mine which began production a year ago.

The Omai mine, which is owned by Cambior Incorporated and Golden Star Resources of Canada and the Guyana government, produced 209,000 ounces in its first year, with traditional miners producing the rest.

Gold production in the English-speaking republic in South America is expected to increase this year, with government officials forecasting production of 250,000 ounces from the Omai mine and 100,000 ounces from traditional miners.

The mine, a US$152m investment, with open pits over 16 square miles, is expected to yield 1.9m ounces over ten years.

Guyana's other major commodities did not fare as well. Bauxite ore production last year fell to 873,000 tonnes, 3.6 per cent less than 1992 production.

Officials said that the decline was caused by the flooding of some mines by unexpectedly heavy rains. But they have forecast a better performance in 1994 because of "administrative improvements" in the industry. Minproc of Australia has been given a contract by the Guyanese government to manage the state-owned bauxite industry.

Sugar production fell last year by 4,000 tonnes to 243,000 tonnes, but the country was able to meet in export quota commitments of 165,000 tonnes to the European Union, and 15,000 tonnes to the US the officials said.

Taking the heat out of diamond fever

Nikki Tait on the Australian Stock Exchange's new code for reporting discoveries

Diamonds, always a girl's best friend, have in recent months also become a stock market speculator's dream. So much so that the Australian Stock Exchange has quietly adopted a new reporting code for diamond exploration results, mineral resources and ore reserves.

This has been devised by the Joint Ore Reserves Committee – a standard-setting body formed in the nickel boom days of the early-1970s and backed by the Australian Institute of Mining and Metallurgy, the Australian Mining Industry Council, and the Australian Institute of Geoscientists.

The code, says the committee, represents the first time anyone has attempted to standardise the way in which diamond discoveries should be reported and ensure that investors are given a reasonable idea of the commercial significance of exploration results. The problem is simple: diamonds, by their nature, are easy to find, but discovering a large-scale, economically-viable diamond resource is another matter entirely.

"To the best of my knowledge, it's also the first time such a standard has been adopted by a stock exchange," adds Mr Ray Schoer, director of operations at the ASX. The Australian exchange, however, may not be out on a limb for long: the JORC reports inquiries and requests for copies of the code from both the US and Canada, where a diamond rush has been under way for a couple of years.

Laudable though the initiative may be, it comes not a moment too soon. Two recent incidents in Australia have demonstrated all-too-clearly the volatility which can surround diamond-related stocks.

The first was Great Central Mines, a Melbourne-based exploration business whose shares jumped from around the A$7 to as much as $19 last spring, capitalising the loss-making company at a staggering A$1bn-plus.

That performance was influenced by a discovery of "microdiamonds" in the Greater Nabberu region of Western Australia, which GCM's chairman and managing director, Mr Joseph Gutnick, described as "significant" but was judged uneconomic by the company's joint venture partner, Stockdale Prospecting, a subsidiary of De Beers, the South African mining house.

Today the twinkle has faded. GCM's shares are back in the A$9.50-$10 range, despite some institutional support in the wake of a rather more substantial gold discovery.

The second instance of runaway diamond shares occured only last month, and concerned Cambridge Gulf Exploration, a stockmarket newcomer. Cambridge shares, which had been issued at 25 cents in July, surged above A$4 in mid-December on news that the company had found diamonds in the Bonaparte Gulf, off Western Australia. When Cambridge released the details of this discovery – stemming from a small sample of sea-bed gravel – the ASX demanded more information about the sampling methods, the location of the discovery, and so on. Today, the shares are trading at about A$2.20.

But, while GCM and Cambridge have grabbed the headlines, one JORC member says that the lack of guidelines on diamond-related reporting was a much more fundamental problem. "GCM and Cambridge were just a manifestations of the fact that diamonds were becoming hot news. But a dozen other companies, perfectly straightforward, were also unsure how to present their results".

> 'Valuations placed on a small number of diamonds from exploration samples become meaningless and are likely to be misleading'

In essence, the new code aims to ensure that anyone reporting diamond exploration results gives investors some clues as to the commercial significance of the find. It carries a cautionary note, for example, stating that diamond valuations "have only been considered reliable on parcels of at least 2,000 carats of diamonds from a single deposit". "Valuations placed on a small number of diamonds from exploration samples become meaningless and are likely to be misleading," it continues.

The code goes on to require details of the professional valuation experience of anyone reporting on a parcel of diamonds; to set out sampling information required; to insist that reports of indicator minerals be prepared "by a suitably qualified person; and formally to define "microdiamonds" as those being less than 0.4mm in size and weighing less than 0.001 carats.

"By definition, pre-resource mineralisation must be considered to be mineralisation of significance," states the code. "The occurence of individual diamonds or microdiamonds in surficial desposits or from inadequatoly-sized samples from a primary or secondary rock source would not usually qualify as pre-resource mineralisation". In short, while the outback may glitter, that, in itself, does not mean anything of substance.

For all practical purposes, says Mr Schoer, the new strictures come into effect immediately. Existing listing rules demand that the market be kept informed. So, citing this broad requirement, the ASX will require exploration companies to meet the best practice levels set down in the code.

Analysts are generally grateful. "I think it will be a great help to investors," says Mr David Kauler at Pru-Bache, for example. "I think it is fair to say that there is a problem in industry reporting, especially with the junior explorers. This will go a long way to improving the quality of the results."

BHP begins talks on marketing Canadian find

By Bernard Simon in Toronto

BHP Minerals has begun talks with the international diamond trade on ways to market output from the Australian group's potential new mine in northern Canada.

The discussions reinforce optimism that BHP and its Canadian partner, Dia Met Minerals, will press ahead later this year with construction of a mine in the Lac de Gras area, 300 km north-east of Yellowknife, capital of the Northwest Territories.

Mr Hugo Dummett, BHP's director of exploration in North America, says that, "if all goes according to schedule", the property could be in production by 1997.

Mr Dummett adds that BHP has held discussions "with everyone in the marketplace", including De Beers' London-based Central Selling Organisation, which organises the cartel that controls the world rough (uncut)diamond trade. He says, however, that so far "no commitment has been made to anybody".

BHP says that it has assured other players that it recognises the delicate balance of the market and that it will act "responsibly" in marketing stones from the Lac de Gras deposit. Analysts expect that at least a portion of the mine's production will be channelled through the CSO.

A final decision on the mine and on the distribution of its production will not be made until completion of a bulk-sampling programme, which is about to get under way. BHP has imported a 10-tonne bulk-sampling plant from South Africa and has set up a 112-person camp at the site. The plant will test at least 8,500 tonnes of rock from at least two of the most promising kimberlite pipes.

Mr John Lydall, analyst at First Marathon Securities in Toronto, predicts that, based on exploration results from 15 of the 26 pipes discovered so far, the Lac de Gras property could generate "substantially" more cash flow than even American Barrick's flagship Goldstrike gold mine in Nevada.

According to estimates by diamond appraisers in London and Antwerp, the value of the most recent Lac de Gras samples equates to US$140 per tonne of mined material. Assuming mining and processing costs of about $27.50 a tonne, Mr Lydall calculates a gross profit margin of some $12.50 a tonne. This would translate into a pre-tax cash flow of $1.7m a day from a mine with a daily throughput of 15,000 tonnes.

Mr John Hainey, analyst at Canaccord Capital in Toronto, tentatively predicted in a recent report that four or five kimberlite pipes would be developed at Lac de Gras.

MARKET REPORT

Metal prices edge lower

London Metal Exchange base metal markets mostly edged lower yesterday following the recent bull run.

ALUMINIUM prices marked time for much of the session as investors awaited news from the multilateral talks in Brussels on stemming the present oversupply. The talks are continuing today and may be extended if no conclusion is reached. At the LME the three months aluminium price ended kerb trading at $1,206.50 a tonne, down $7.50 on the day.

ZINC kept its rise going, the three months position putting on $5 to close at $1,039.50 a tonne, as the market continued to ignore the inexorable rise in LME warehouse stocks. Traders explained that speculative interest was being sucked into the market by the perception that smelter cutbacks would happen soon.

At the London precious metals market spot SILVER lost 6 cents of Monday's 13-cent rise to close at 525.5 cents a troy ounce and gold fell $1.25 to $391.25 an ounce after recoiling from stiff resistance at $393.

LME WAREHOUSE STOCKS (As at Monday's close) tonnes

Aluminium	+7,300	to 2,506,825
Aluminium alloy	-1,040	to 47,280
Copper	-5,625	to 612,175
Lead	+3,425	to 309,175
Nickel	+438	to 127,554
Zinc	+11,750	to 982,825
Tin	+90	to 20,745

Chartists said there was support for silver at $5.25 an ounce and although the market was becoming overbought.

London COCOA futures closed lower, erasing some of the gains made over the previous few days, while COFFEE recouped early losses.

Compiled from Reuter

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1189.5-90.5	1208.5-9.5
Previous	1198.5-9.5	1217-8
High/low		1214/1196
AM Official	1195.5-6	1214-4.5
Kerb close		1207-8
Open int.	284,118	
Total daily turnover	107,576	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1018-20	1043-4
Previous	1011-3	1036-8
High/low		1044/1023
AM Official	1013-6	1038-40
Kerb close		1040-5
Open int.	2,738	
Total daily turnover	712	

■ LEAD ($ per tonne)

Close	496-7	509-9.5
Previous	498.5-7.5	509-10
High/low	493/492.5	511/508
AM Official	492.5-3	505-6
Kerb close		510-1
Open int.	33,216	
Total daily turnover	6,703	

■ NICKEL ($ per tonne)

Close	5725-30	5790-2
Previous	5770-5	5835-40
High/low	5740	5800/5750
AM Official	5740-1	5800-5
Kerb close		5800-5
Open int.	54,247	
Total daily turnover	15,269	

■ TIN ($ per tonne)

Close	4975-85	5030-40
Previous	5040-50	5095-100
High/low		5070/4990
AM Official	4965-70	5020-5
Kerb close		5035-40
Open int.	17,313	
Total daily turnover	8,983	

■ ZINC, special high grade ($ per tonne)

Close	1020-1	1039-40
Previous	1014.5-5.5	1034-5
High/low	1011.5	1047/1025
AM Official	1011-1.5	1031-2
Kerb close		1041-2
Open int.	103,879	
Total daily turnover	30,778	

■ COPPER, grade A ($ per tonne)

Close	1829-30	1851-2
Previous	1830-1	1852-3
High/low	1826	1860/1835
AM Official	1825-5.5	1849-50
Kerb close		1857-8
Open int.	259,951	
Total daily turnover	103,148	

■ LME AM Official £/$ rate: 1.4942
LME Closing £/$ rate: 1.4967

Spot 1.4975 3 mths:1.4897 6 mths:1.4835 9 mths:1.4790

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Jan	86.75	+1.75	86.75	85.00	997	107
Feb	86.60	+1.70	86.65	84.80	1,271	25
Mar	86.70	+1.70	86.95	84.80	38,441	6,967
Apr	86.50	+1.50	84.95	84.95	1,084	22
May	86.30	+1.35	86.50	84.80	8,925	1,644
Jun	86.35	+1.35	86.50	86.35	851	5
Total					65,982	9,869

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	391.00-391.50	
Opening	392.50-392.90	
Morning fix	392.50	262.542
Afternoon fix	392.55	262.189
Day's High	394.50-395.00	
Day's Low	390.75-391.25	
Previous close	392.30-392.70	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.75	6 months	2.79
2 months	2.75	12 months	2.85
3 months	2.75		

Silver Fix	p/troy oz.	US cts equiv.
Spot	356.25	532.75
3 months	360.70	536.55
6 months	366.20	540.90
1 year	373.70	550.55

Gold Coins	$ price	£ equiv.
Krugerrand	394-397	263-266
Maple Leaf	402.35-404.85	-
New Sovereign	91-94	61-64

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Jan	393.1	+1.5	391.0	391.0	-	-
Feb	393.6	+1.4	395.5	391.3	71,874	16,821
Mar	394.5	+1.4	393.8	392.2	27,425	3,569
Apr	395.7	+1.4	397.7	393.3	24,298	1,063
Jun	397.6	+1.5	399.5	395.3	4,476	31
Aug	399.6	+1.5	401.0	397.8	3,164	4
Total					157,876	21,542

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Jan	396.8	+1.3	-	-	75	14
Apr	397.3	+0.8	398.0	395.0	16,069	809
Jul	398.8	+0.8	399.5	397.1	2,407	41
Oct	400.3	+0.8	400.0	399.0	374	-
Jan	401.7	+0.8	-	-	167	30
Total					19,093	894

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Mar	126.15	+0.15	126.25	125.00	3,128	163
Jun	125.90	+0.25	126.00	124.50	1,140	22
Sep	125.65	+0.25	124.50	124.50	91	-
Dec	125.15	+0.25	125.00	125.00	74	-
Total					4,433	185

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

Jan	532.6	+1.7	-	-	4	13
Feb	531.8	-	-	-	5	-
Mar	534.7	+1.5	537.0	525.5	71,605	17,070
May	538.1	+1.5	540.0	529.0	14,720	1,787
Jul	541.3	+1.5	543.0	532.0	8,885	378
Sep	544.6	+1.5	543.5	539.0	2,640	15
Total					111,554	19,512

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	14.79	-0.31	15.16	14.74	54,066	47,168
Mar	14.96	-0.23	15.23	14.87	109,842	52,677
Apr	15.12	-0.19	15.30	15.08	42,106	11,600
May	15.25	-0.20	15.33	15.20	29,308	5,247
Jun	15.44	-0.15	15.60	15.33	39,931	5,427
Jul	15.56	-0.16	15.65	15.52	16,846	4,872
Total					438,902	135,825

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Mar	13.85	-0.24	13.99	13.74	82,003	18,776
Apr	13.89	-0.21	14.04	13.84	27,358	3,773
May	14.03	-0.17	14.16	13.95	10,995	509
Jun	14.18	-0.14	14.34	14.15	7,850	585
Jul	14.32	-0.16	14.45	14.30	7,098	250
Aug	14.50	-0.15	14.53	14.48	3,851	59
Total					142,734	24,517

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	49.45	-3.27	52.75	49.15	43,442	25,381
Mar	47.10	-1.83	49.10	46.90	44,700	21,857
Apr	45.50	-0.88	46.20	45.35	27,991	9,573
May	44.70	-0.78	45.00	44.60	29,624	3,082
Jun	44.75	-0.58	45.00	44.50	20,867	2,016
Jul	45.30	-0.48	45.65	45.30	14,333	980
Total					205,949	63,873

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	144.75	-7.25	150.75	144.50	32,374	9,529
Mar	144.00	-6.25	148.75	144.00	19,591	4,375
Apr	142.50	-5.25	146.50	142.25	15,467	2,322
May	142.50	-4.25	145.75	142.50	8,331	1,123
Jun	142.00	-4.75	145.75	142.00	15,107	1,420
Jul	143.50	-4.25	146.25	143.50	7,715	437
Total					113,929	19,477

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	2.327	-0.039	2.340	2.300	21,151	14,499
Mar	2.150	-0.046	2.170	2.136	16,149	10,559
Apr	2.021	-0.030	2.055	1.995	16,838	3,720
May	1.981	-0.021	2.010	1.960	10,319	1,885
Jun	1.965	-0.020	1.980	1.950	7,224	924
Jul	1.960	-0.010	1.980	1.945	7,499	1,269
Total					130,283	40,042

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	41.35	-0.76	42.60	41.30	30,523	14,959
Mar	42.55	-0.53	43.40	42.45	31,956	11,733
Apr	45.70	-0.42	46.00	45.50	28,620	5,686
May	46.55	-0.43	46.70	46.55	30,099	2,039
Jun	47.30	-0.42	47.60	47.00	11,101	930
Jul	47.75	-0.38	48.25	47.60	2,497	39
Total					138,912	35,474

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	99.20	-0.35	99.25	99.25	61	27
Mar	100.10	-0.60	100.50	99.95	1,943	204
May	101.10	-0.60	101.35	100.95	1,851	179
Jun	101.65	-0.50	101.35	101.35	185	5
Sep	90.65	-0.55	90.50	90.50	137	3
Nov	91.55	-0.40	91.75	91.50	657	53
Total					4,837	471

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

Mar	375/6	-8/4	383/4	375/0	140,310	18,180
May	357/2	-8/6	365/0	357/0	46,665	3,705
Jul	346/4	-8/6	353/4	346/0	77,270	10,400
Sep	348/2	-6/6	354/2	347/4	11,200	810
Dec	356/4	-6/2	362/4	355/4	11,175	505
Jul	324/0	-4/0	-	-	20	-
Total					286,640	33,600

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

Mar	301/2	-6/0	308/0	300/6	663,925	132,275
May	306/0	-5/4	312/2	305/2	443,285	42,880
Jul	306/6	-5/2	312/4	306/0	381,255	37,410
Sep	286/6	-4/0	290/4	286/4	71,865	8,110
Dec	270/4	-2/0	273/0	269/4	202,045	24,435
Mar	275/0	-2/2	278/0	275/6	12,705	980
Total					N/A	N/A

■ BARLEY LCE (£ per tonne)

Jan	104.15	-0.15	104.00	104.00	39	9
Mar	105.45	-	-	-	715	-
May	106.50	-	-	-	203	-
Sep	92.75	-	-	-	40	-
Nov	95.00	+0.10	-	-	53	-
Jan	96.50	-	-	-	-	-
Total					1,060	9

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

Jan	702/0	-0/4	707/4	695/0	11,745	14,035
Mar	708/4	-1/2	715/4	702/0	431,460	164,795
May	714/2	-1/2	721/0	706/4	189,415	37,450
Jul	713/0	-2/4	720/4	708/0	167,705	26,245
Aug	705/0	-2/2	712/0	700/0	27,705	2,225
Sep	678/0	-1/6	684/4	676/0	17,080	1,560
Total					N/A	N/A

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

Jan	30.43	-	30.80	30.03	3,226	1,157
Mar	30.38	+0.01	30.75	29.92	44,137	11,748
May	30.08	+0.05	30.45	29.60	19,744	3,006
Jul	29.50	+0.05	29.70	29.07	15,280	2,547
Aug	28.95	+0.02	29.20	28.65	5,153	380
Sep	28.10	-0.03	28.40	27.95	4,472	240
Total					N/A	N/A

■ SOYABEAN MEAL CBT (100 tons; $/ton)

Jan	196.4	+0.1	197.6	196.0	1,768	1,097
Mar	197.5	-0.2	199.0	197.0	40,768	12,512
May	198.5	-0.1	199.9	198.0	15,925	2,544
Jul	199.5	-0.2	200.7	199.0	14,615	3,369
Aug	197.6	-0.6	199.0	197.5	5,925	343
Sep	196.2	-0.1	196.8	195.7	3,037	63
Total					N/A	N/A

■ POTATOES LCE (£/tonne)

Mar	135.0	-5.0	-	-	34	-
Apr	103.2	-2.6	106.0	103.0	1,870	173
May	121.9	-2.9	123.0	122.0	738	27
Jun	130.0	-	-	-	2	-
Nov	85.0	-	-	-	-	-
Mar	105.0	-	-	-	-	-
Total					2,642	200

■ FREIGHT (BIFFEX) LCE ($10/index point)

Jan	1231	-13	1245	1231	736	8
Feb	1270	-19	1270	1194	220	1
Mar	1289	-16	1300	1289	155	13
Apr	1295	-19	1315	1295	1,010	11
Jul	1165	-18	1185	1180	220	13
Oct	1308	-	-	-	221	-
Total					2,616	46

	Close	Prev
BFI	1244	1242

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	921	-9	925	916	33,523	4,159
May	929	-8	932	924	14,563	778
Jul	943	-6	947	937	10,542	147
Sep	956	-6	958	950	10,564	76
Dec	970	-7	973	964	14,453	25
Mar	982	-9	984	978	24,851	87
Total					125,539	5,292

■ COCOA CSCE (10 tonnes; $/tonnes)

Mar	1162	+1	1167	1153	31,265	4,307
May	1197	+1	1201	1189	15,612	1,084
Jul	1228	-	1232	1220	10,602	493
Sep	1253	-	1250	1247	6,636	51
Dec	1277	+4	1277	1270	8,451	13
Mar	1296	+3	1290	1290	7,536	10
Total					88,784	5,958

■ COCOA (ICCO) (SDR's/tonne)

Jan 17	Price	Prev. day
Daily	943.73	938.88
Jan 18		
10 day average	924.02	922.58

■ COFFEE LCE ($/tonne)

Jan	1185	-	1191	1180	495	93
Mar	1203	+4	1205	1190	14,589	1314
May	1207	+6	1210	1192	10,494	1010
Jul	1200	+3	1202	1190	2,647	176
Sep	1201	+1	1200	1192	1,358	30
Nov	1201	+1	-	-	894	-
Total					31,308	2,873

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

Mar	74.65	+0.95	74.90	73.65	34,517	5,785
May	76.25	+0.85	76.40	75.40	12,410	1,105
Jul	77.75	+0.80	77.80	77.00	3,848	174
Sep	79.20	+1.05	79.30	78.60	2,545	134
Dec	80.50	+0.65	81.00	81.00	1,360	7
Mar	82.25	+0.75	-	-	765	1
Total					55,448	7,206

■ COFFEE (ICO) (US cents/pound)

Jan 17	Price	Prev. day
Comp. daily	69.46	69.25
15 day average	69.25	69.38

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

Mar	10.67	-0.02	-	-	1,130	-
May	11.07	-0.05	11.09	11.06	805	25
Jul	11.28	-0.04	11.33	11.33	2,868	5
Oct	10.99	-0.09	-	-	54	-
Total					4,857	30

■ WHITE SUGAR LCE ($/tonne)

Mar	287.50	-0.50	288.90	287.20	6,685	691
May	287.40	-0.90	288.20	287.00	2,999	579
Aug	292.10	-0.90	293.50	292.40	1,510	110
Oct	281.10	-1.70	-	-	1,956	-
Dec	279.80	-1.70	-	-	80	-
Mar	281.40	-1.10	283.50	281.40	63	20
Total					13,294	1,400

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

Mar	10.35	-0.05	10.46	10.34	46,194	20,077
May	10.75	-0.07	10.86	10.75	27,848	8,196
Jul	10.74	-0.03	10.84	10.74	15,665	1,934
Oct	10.69	-0.05	10.79	10.68	15,488	892
Mar	10.69	-0.04	10.80	10.67	2,795	156
May	10.70	-0.04	10.80	10.80	111	75
Total					108,237	31,256

■ COTTON NYCE (50,000lbs; cents/lbs)

Mar	71.58	+1.40	71.80	70.50	22,537	3,446
May	72.48	+1.23	72.65	71.60	15,151	2,252
Jul	73.42	+1.29	73.50	72.50	7,873	735
Oct	71.07	+0.80	71.10	70.50	1,475	76
Dec	68.78	+0.80	69.85	68.95	7,621	311
Mar	70.55	+0.80	70.30	70.00	61	-
Total					54,845	6,820

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Jan	108.15	-0.80	-	-	251	120
Mar	108.65	+0.50	109.00	106.90	11,748	1,741
May	110.80	-0.15	111.00	109.50	2,472	333
Jul	112.50	-0.25	112.50	112.00	1,129	16
Sep	114.25	-0.25	-	-	753	6
Nov	115.75	-0.25	-	-	154	2
Total					16,940	2,222

Minor Metals
European free market, from Metal Bulletin, $ per lb in warehouse, unless otherwise stated (last week's in brackets, where changed). Antimony: 99.6%, $ per tonne, 1,635-1,695 (1,630-1,670). Bismuth: min. 99.99%, tonne lots 2.25-2.45 (2.30-2.50). Cadmium: min. 99.5%, 0.30-0.40 (0.35-0.40). Cobalt: MB free market, 99.8%, 22.00-23.50 (17.50-19.00); 99.3%, 19.00-20.00 (15.50-16.50). Mercury: min. 99.99%, $ per 76 lb flask, 90-105. Molybdenum: drummed molybdic oxide, 2.70-2.80. Selenium: min 99.5%, 4.25-4.90 (4.15-4.80). Tungsten ore: standard min. 65%, $ per tonne unit (10kg) WO_3, cif, 27-33. Vanadium: min. 98%, cif, 1.35-1.45. Uranium: Nuexco exchange value, 7.00.

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Jan 18	Jan 17	month ago	year ago
1887.7	1892.7	1889.0	1707.6

■ CRB (Base: 4/9/56=100)

Jan 17	Jan 14	month ago	year ago
228.06	228.85	224.79	201.88

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	73.500	-0.625	74.250	73.450	28,151	5,349
Apr	75.925	-0.525	76.500	75.900	27,200	5,204
Jun	74.175	-0.100	74.450	73.925	18,723	1,699
Aug	72.675	-0.450	73.150	72.600	9,705	873
Oct	72.825	-0.350	73.350	72.800	6,306	423
Dec	73.850	-0.350	74.150	73.800	1,168	102
Total					92,532	13,760

■ LIVE HOGS CME (40,000lbs; cents/lbs)

Feb	47.775	-0.750	48.525	47.750	7,352	3,690
Apr	48.875	-0.650	49.550	48.825	10,125	2,651
Jun	53.825	-0.650	54.400	53.700	6,837	912
Jul	53.250	-0.600	53.700	53.150	2,888	271
Aug	51.975	-0.600	52.400	51.900	1,911	58
Oct	48.825	-0.700	49.350	48.800	1,589	93
Total					31,672	7,726

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Feb	56.275	+0.200	57.025	55.875	4,820	1,265
Mar	57.075	+0.300	57.550	56.350	2,288	371
May	58.150	+0.100	59.000	57.500	2,201	296
Jul	58.950	-0.100	59.225	58.150	1,713	51
Aug	56.425	+0.250	57.200	56.300	288	7
Total					11,309	1,990

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Apr	Jul	Apr	Jul
1200	54	75	44	48
1225	42	62	57	60
1250	32	51	72	73
■ COPPER (Grade A) LME	Apr	Jul	Apr	Jul
1800	98	124	39	45
1850	70	95	60	65
1900	48	71	87	90
■ COFFEE LCE	Mar	May	Mar	May
1150	64	95	11	38
1200	33	67	30	60
1250	15	47	62	90
■ COCOA LCE	Mar	May	Mar	May
875	58	81	12	27
900	41	66	20	37
925	28	53	32	49
■ BRENT CRUDE IPE	Mar	Apr	Mar	Apr
1350	-	-	33	53
1400	37	-	57	73
1450	20	44	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Mar)		+or-
Dubai	$12.75-2.80w	-.275
Brent Blend (dated)	$14.01-4.04	-.265
Brent Blend (Mar)	$13.85-3.88	-.275
W.T.I. (1pm est)	$14.96-4.98w	-0.35

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$144-146	-2.0
Gas Oil	$149-151	-7.0
Heavy Fuel Oil	$62-64	+1.5
Naphtha	$128-131	
Jet Fuel	$167-168	-7.0

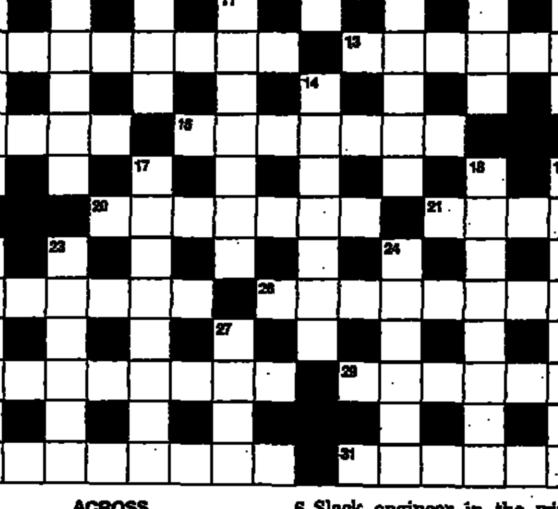
Petroleum Argus Estimates

■ OTHER		
Gold (per troy oz)♣	$391.25	-1.25
Silver (per troy oz)♣	525.5c	-6.0
Platinum (per troy oz.)	$394.00	+1.35
Palladium (per troy oz.)	$124.90	
Copper (US prod.)	89.0c	+2.0
Lead (US prod.)	35.00c	
Tin (Kuala Lumpur)	13.50r	+0.08
Tin (New York)	232.50c	-3.00
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	121.34p	+0.49*
Sheep (live weight)†♠	100.67p	+2.64*
Pigs (live weight)	66.55p	+2.70*
Lon. day sugar (raw)	$252.90	-5.10
Lon. day sugar (wte)	$290.10	-0.60
Tate & Lyle export	$280.00	-4.00
Barley (Eng. feed)	£108.25	-0.25
Maize (US No3 Yellow)	£127.00v	
Wheat (US Dark North)	Unq	
Rubber (Feb)♥	60.75p	
Rubber (Mar)♥	61.00p	
Rubber(KL RSS No1 Feb)	220.0m	+0.5
Coconut Oil (Phil)§	$555.0x	-5.0
Palm Oil (Malay.)§	$387.5t	+2.5
Copra (Phil)§	$400.0	
Soyabeans (US)	£212.0y	
Cotton 'A' Index	68.70c	+0.70
Wooltops (64s Super)	350p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Feb/Apr w Mar. z Jan/Mar. v Feb. t Feb/Mar. x Mar/Apr. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week, provisional prices.

CROSSWORD

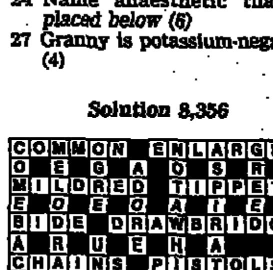
No.8,357 Set by DINMUTZ



ACROSS
1 Who's who in television? (6)
4 Can one not gauge this track? (8)
9 Spirits of midnight entertainers (6)
10 The body of a camel, say? (8)
12 Defender long for solution to lumbago (8)
13 Layers of a bitumen put back on street (6)
15 Fate of party taking on retired doctor? (4)
16 Many, as old as we, need such nerve (7)
20 Eg ball I play does not cover the off stump (3-4)
21 Composer and a bit of a busker, normally? (4)
25 Intervals of poor degrees (6)
26 Trough through which Cotswolds may run? (5-3)
28 Dangerous position, at the end of a barrel (8)
29 Important person in Leicester, for example (6)
30 Game in which daughters get excited, losing energy (8)
31 Toss legal document to His Excellency (6)

DOWN
1 Drudge of the Kennel Club, for example? (8)
2 Composer twice drops in, quickly! (4-4)
3 Cost of an old-fashioned settle? (6)
5 Drop it, following an order (4)
6 Slack engineer in the wings (8)
7 A painter over desert massif in Turkey (6)
8 General method in space? (6)
11 Old lute is bother – O! what a mess! (7)
14 Cargo of French boat-crew (9)
17 With great haste, like a dolichocephalic? (8)
18 Boring rounds make one completely exhausted (4,4)
19 Sort of suit no good for a suite? (3-5)
22 Presented with male issue (6)
23 Annie's peculiar colour (6)
24 Name anaesthetic that is placed below (6)
27 Granny is potassium-negative (4)

Solution 8,356



JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Second line stocks surge as rate hopes revive

By Terry Byland, UK Stock Market Editor

Renewed confidence in prospects for an early cut in UK base rates, buttressed by strength in British government bonds and in the short sterling futures contract, brought further gains in equities in London yesterday.

The focus for demand again lay among the market's second line and smaller capitalised stocks, where investors sought to identify the earnings prospects which have largely been assimilated in market ratings on the Footsie's 100 listed issues. The FT-SE Mid 250 Index bounded ahead by 64.5 points to yet another new high of 4,013.3.

Technical factors remained very important in equities, with the shortage of stock which has plagued the blue chips shifting to the smaller capitalised stocks. Having been obliged to sell stock to eager investors in the morning, market-makers then had the almost impossible task of finding stock for future delivery.

Comfortable assumptions that base rate cuts would be held back until spring were suddenly challenged as sterling moved higher against the German D-Mark. Confidence in the UK bond market built considerably towards the close on the announcement that the planned bond auction would be smaller than expected.

The FT-SE 100 Share Index closed just under its best with a gain of 29.2 at 3,437, within nine points of the level reached earlier this month but still 25 points under the all-time high of late December. But the pace of advance in the Footsie 100 Index has been outstripped by that of the FT-SE Mid 250 Index this week as investors, both institutional and private, have sought out companies likely to benefit from further economic recovery, and for share prices in which these prospects are not yet fully reflected. High valuations of prospective earnings in the UK market have unsettled some investors.

Account Dealing Dates			
*First Dealings:	Jan 4	Jan 17	Jan 31
Option Declarations:	Jan 13	Jan 27	Feb 10
Last Dealings:	Jan 14	Jan 28	Feb 11
Account Day:	Jan 24	Feb 7	Feb 21

*New time dealings may take place from two business days earlier.

Traders pointed out that the Footsie may now be at the top of its latest trading range. A survey of the distributive sector published yesterday by the Confederation of British Industry indicated successful retail sales over Christmas and the new year, underlining the progress of economic recovery.

Mr Ian Harnett at Strauss Turnbull commented that that the strength of sterling now provides the chief justification for a base rate cut. Interest rate hopes will be challenged this morning by publication of the retail price index (RPI) and also the official retail sales data for last month.

The stock market is expecting a year on year RPI gain of 3 per cent, and a similar retail sales gain of perhaps 2.4 per cent. Gains in excess of either of these predictions will raise the spectre of inflation.

The stress on second line stocks was indicated by market volume details showing that non-Footsie stocks made up around 68 per cent of yesterday's total of 964.9m shares through the Seaq network. Monday's Seaq volume of 808.1m shares was worth £1.59bn at retail level.

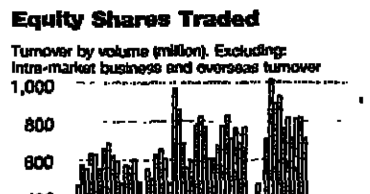
Equities closed in confident mood, with sterling's strength failing to upset the blue chip export stocks, and Wall Street helping London with a gain of 5.07 Dow points in early trading. Media stocks stood out, with the £292m agreed bid for Anglia keeping the domestic TV sector on the alert.

● Our report on Monday morning that BZW, the UK investment bank, had raised its year-end Footsie forecast to 3,900 was incorrect; BZW's forecast remains at 3,600.

FT-SE-A All-Share Index

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT SE 100	3437.0	+29.2	FT Ordinary index	2623.3	+7.8
FT-SE Mid 250	4013.3	+64.5	FT-SE-A Non Fins p/e	22.51	(22.31)
FT-SE-A 350	1732.3	+17.7	FT-SE 100 Fut Mar	3458.0	+45.5
FT-SE-A All-Share	1715.63	+17.82	10 yr Gilt yield	6.25	(6.34)
FT-SE-A All-Share yield	3.30	(3.34)	Long gilt/equity yld ratio:	2.11	(2.04)

Best performing sectors

1. Building & Construct .... +3.7
2. Other Financial .... +3.3
3. Other Services & Bsns .... +2.9
4. Banks .... +2.4
5. Oil Exploration & Prod .... +2.2

Worst performing sectors

1. Retailers, Food .... -1.1
2. Insurance .... -0.4
3. Household Goods .... -0.2
4. Tobacco .... -0.2
5. Retailers, General .... +0.0

Elf stake worries ease

There were said to have been a number of market stories driving Enterprise Oil shares sharply higher yesterday.

The stock price, a poor performer in the FT-SE 100 and the oil sector recently, jumped 13 to 462p , as the market responded to talk that Elf Aquitaine, the French state-owned oil company had put the long-rumoured sale of its 10 per cent stake in Enterprise Oil on to the back burner. Worries about the possible sale of Elf's stake in Enterprise have proved a drag on the latter's share price.

The French group was said to have indicated its preference to sell some of its other holdings, such as its stakes in Generale des Eaux and Bidermann International.

Setback for BAe

Continued fears that British Aerospace may announce provisions of around £200m with its next set of results, due to problems at its turbo props division, once again made it the day's worst performer in FT-SE 100 Index..

Sentiment was also weakened by switching from BAe into Rolls-Royce. Mr Brian Newman at Henderson Crosthwaite, a long time bull, denied that he had turned a seller of BAe, which yesterday tumbled 23 to 391p.

Late reports suggested that India had signed a long-awaited $1.9bn order for 66 of BAe's Hawk aircraft, but there was no confirmation.

Warranties fear

Electrical retailers Dixons and Kingfisher fell heavily as the market took stock of implications of a potentially damaging official inquiry into extended warranties.

It is the second official probe in a week to hit the two groups, and follows news that the Monopolies and Mergers Commission is to investigate the pricing of video games, one of the biggest selling items for the two companies.

However, stores analysts said this latest inquiry is more worrying in view of the proportion of profits made from extended warranties – guarantees sold with electrical appliances.

If the issue is referred to the MMC, and it rules against the retailers, BZW estimates that Dixons' entire profits – forecast at around £75m for this year – could be wiped out.

Dixon's shares, hit badly two weeks ago by a profits warning, fell a further 16 to 212p in hefty turnover of 15m. Kingfisher, which owns the Comet chain, lost 16½ at 706½p.

Anglia TV bid

Announcement of a bid for Anglia, the television company, by MAI, the financial services group, boosted the media sector as investors re-examined takeover prospects elsewhere.

The £292m offer values Anglia at "not less than 637p" a share which, according to some analysts calculations, puts it on a premium prospective p/e of 31.65 times earnings. However one analyst argued that as long as MAI could cut costs by £5m it would make money on the deal. Anglia shares jumped 180 to 664p while MAI gained 31 to 315p.

Several analysts suggested that Anglia shareholders got the best of the deal. They were also eagerly awaiting a response from LWT which is fighting off a much lower bid from Granada. There was a feeling that Granada might have to stump up more money or look at another company – possibly Scottish Television.

Reflecting that, Granada closed unchanged at 552p after being 9 off at one stage while Scottish jumped 25 to 491p and LWT gained 7 to 675p. HTV, also seen as a takeover candidate, rose 8 to 119p.

NEW HIGHS AND LOWS FOR 1993/94

NEW HIGHS (408).

BANKS (3) ANZ, Natl. Aust. Bk., TSB. BREWERIES (6) BUILDING & CNSTRN (32) BLDG MATLS & MCHTS (23) CHEMICALS (5) BTP, British Vita, Croda, Laporte, Manders. DISTRIBUTORS (26) DIVERSIFIED INDLS (14) ELECTRNC & ELECT EQUP (12) Abacus, Bulgin A, Cray, Electrolux, Nokia Pf., Philips, Pifco, Do A, Psion, Silverminos, Soundtracs, Telspec, ENGINEERING (28) ENG. VEHICLES (8) BBA, Do 6.75pc Pf., GKN, Laird, Mid-States, T&N, Trinity, Volvo B, EXTRACTIVE INDS (22) FOOD MANUF (9) Dalgety, Devro, Grand Central, Hillsdown, Linton Park, Tate & Lyle, Do 7 1/4pc Pf., Treatt, Unigate, GAS DISTRIBUTION (1) Calor, HEALTH CARE (3) Community Hsptls., Nestor-BNA, UniChem, HOUSEHOLD GOODS (2) Lilliput, Osborne & Little, INSURANCE (5) FAI, Heath (CE), Lowndes Lambert, Nelson Hurst, Sandia, INVESTMENT TRUSTS (73) INVESTMENT COMPANIES (3) LEISURE & HOTELS (13) LIFE ASSURANCE (3) Irish Life, Lon. & Manchester, Refuge, MEDIA (20) MERCHANT BANKS (5) Close Bros, Hambros, Do 7 1/2pc Pf., Kleinwort Benson, Rea Bros., OIL EXPLORATION & PROD (6) Brit. Borneo, Bula Res., Kelt Energy, Monument, Villiers, OIL, INTEGRATED (2) Norsk Hydro, Petrofina, OTHER FINANCIAL (16) OTHER SERVS & BUSNS (4) Calderburn, Leigh Ints., Plantsbrook, Shelton (M), PRTNG, PAPER & PACKG (21) PROPERTY (17) RETAILERS, GENERAL (11) SPIRITS, WINES & CIDERS (2) Highland Dsts., Seagram, SUPPORT SERVS (20) TELECOMMUNICATIONS (3) Securicor, Do N/V, Security Servs., TEXTILES & APPAREL (7) TRANSPORT (11) WATER (2) East Surrey, Mid Kent, AMERICANS (6) CANADIANS (8)

NEW LOWS (3).

BUILDING & CNSTRN (1) Westminster Schog., CHEMICALS (1) Cambridge Isotope, ENGINEERING (1) Ferrum,

Reuters Holdings fell 34 to 1886p after US house Merrill Lynch turned more cautious on technical grounds.

Pharmaceuticals group Zeneca was knocked 12 to 827p as agency broker James Capel turned seller of the stock and cut its forecasts for 1994 profits by £25m to £775m.

London International Group rose 4 to 166p on hopes of an offer for its troubled photo processing arm. Photo-Me International, the world's leading photo-booth manufacturer and operator, said it had reached an advanced stage in talks to purchase a business with complementary activities.

The latest upsurge in the Hong Kong market coupled with various broker recommendations triggered strong showings from HSBC and Standard Chartered, both of which are viewed as classic Pacific-rim plays.

Standard, which Natwest Securities labelled a trading buy this week, jumped 38 to 1203p, while HSBC responded to excellent figures from its Bank of East Asia subsidiary and news that Peregrine, one of the most influential of the Hong Kong broking houses, had issued a covered warrant on HSBC stock. HSBC shares settled 44 higher at 965p.

Kleinwort Benson finally erased painful memories of its Premier Consolidated Oilfields bought deal, which cost the merchant bank dear in financial and credibility terms. The shares rocketed 16 to 654p.

Sun Alliance was among the FT-SE big casualties one of the market's most aggressive marketmaking firms was said to have failed in an attempt to place a block of 3m shares. Sun shares settled 8 off at 387p.

Shell rose 10 to 734p on hints that the sale of its Billiton metals division to South Africa's Gencor has been salvaged after being called off recently.

Rolls-Royce advanced 9 to 173p, on good volume of 8.6m after NatWest Securities took the stock off its sell list. Metals group Johnson Matthey jumped 17 to 568p, boosted by a recommendation from Credit Lyonnais in a 137-page research document on prospects for the engineering sector up to 1996. In the review, analyst Mr Paul Compton also urges investors to buy Rolls and GKN, 2½ firmer at 571½.

The rumoured rights issue from Stanley Leisure arrived, but encouraging results held the share price fall to 2 at 333p.

There was intense speculation ahead of this morning's Christmas trading statement from Tesco. Some suggested that the group would announce a one-off provision of around £80m for property write-downs. Interest in the statement has been intensified by the recent price war. Tesco shares slipped a half to 236½p.

Turnover in Sears hit 26m following a large placing. The shares added 1½ to 123½p.

A UBS buy recommendation drove George Wimpey 11 higher to 219p while talk that the big cement companies are pressing for a price increase lifted Blue Circle 9 to 375p and helped RMC put on 11 to 1048p.

Eastern Electricity's share buy back news saw the shares rise 20½ to 655½p. London Electricity, however, was the best performing rec, closing 28 up at 659p after a Panmure Gordon buy note.

MARKET REPORTERS:
Christopher Price,
Joel Kibazo, Peter John,
Steve Thompson.

■ Other statistics, Page 18

EQUITY FUTURES AND OPTIONS TRADING

A squeeze in stock index futures sent the March Footsie contract sharply forward to a strong finish, after a dull and tentative start, *writes Joel Kibazo.*

Dealers in the March contract on the FT-SE 100 reported a shaky opening to the session as the contract traded at 3,413 characterised by sideways movements, though little selling was reported.

Renewed talk of a reduction in UK base rates was heard mid-morning just as several leading institutions had decided to start picking up stock, and the combination of the two factors saw March move slowly forward.

Sentiment was boosted by firm trading in the fixed interest markets.

The positive sentiment gathered pace during the afternoon with the firm opening on Wall Street, but it was strong demand from both institutions and independent traders (locals) as they covered short positions that brought a squeeze in March towards the end of the session.

March closed at 3,460, up 45 on the previous session and 15 points ahead of its fair value premium to cash of about 5 points. Volume improved to 13,048 contracts.

There was also a slight improvement in turnover in the traded options. The day's total volume was 45,603 contracts of which 17,299 lots were dealt in the FT-SE 100 option and 5,121 in the Euro FT-SE 100 option.

Hanson led the league table among the stock options, finishing with a total of 2,607 lots. It was followed by Land Securities at 2,093 and Abbey National at 2,079 following a big trade by Kleinwort Benson. Other active stocks included Dixons, and Tesco.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3419.0	3458.0	45.5	3462.0	3413.0	15289	66943
Jun	3436.0	3472.5	45.5	3438.0	3438.0	2	5758
Sep	-	3488.5	46.0	-	-	0	200

Contract traded on APT. Open interest figures are for previous day.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3439) £10 per full index point

	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P	3350 C	3350 P	3400 C	3400 P	3450 C	3450 P	3500 C	3500 P	3550 C	3550 P
Jan	249	½	199	½	150	1	101½	1	52½	4	17½	20	3	62½	½	112½

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P	3375 C	3375 P	3425 C	3425 P	3475 C	3475 P
Jan	323	½	273	½	223	½	173	1	123	1	74	2½	38	10½	8	36
Feb	334	2	285½	3½	238	5½	192	10	149	16½	109½	26½	75½	42	48	64½
Mar	338½	8½			247½	16			165	33			98½	63½		
Jun	368	25½			284½	42			211½	66½			149½	102½		
Sept†	395½	44½			319	64½			249	91½			190	128		

Calls 3,151 Puts [illegible] * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

FT - SE Actuaries Share Indices — The UK Series

	Jan 18	Day's chge%	Jan 17	Jan 14	Jan 13	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3437.0	+0.9	3407.8	3400.6	3360.0	2737.6	3.43	5.11	24.29	2.39	1259.81
FT-SE Mid 250	4013.3	+1.6	3948.8	3915.7	3882.1	2885.9	3.04	4.74	26.01	7.21	1458.11
FT-SE Mid 250 ex Inv Trusts	4024.4	+1.7	3957.2	3922.5	3890.2	2905.9	3.14	5.07	24.52	7.37	1457.49
FT-SE-A 350	1732.3	+1.0	1714.6	1708.5	1689.4	1348.7	3.34	5.03	24.66	1.64	1300.75
FT-SE SmallCap	1978.95	+1.3	1954.24	1940.69	1929.65	1426.02	2.77	3.46	37.24	1.91	1502.15
FT-SE SmallCap ex Inv Trusts	1943.81	+1.4	1916.86	1902.28	1894.03	1437.27	2.93	3.82	34.51	2.09	1478.17
FT-SE-A ALL-SHARE	1715.63	+1.0	1697.81	1691.38	1673.12	1330.19	3.30	4.92	25.23	1.63	1311.05

■ FT-SE Actuaries All-Share

	Jan 18	Day's chge%	Jan 17	Jan 14	Jan 13	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(18)	2606.42	+0.9	2583.49	2576.63	2545.33	1850.00	3.38	4.89	25.33	0.00	1016.71
12 Extractive Industries(4)	3827.46	+1.2	3781.89	3782.85	3779.65	3009.00	3.26	4.78	24.75	0.00	1030.00
15 Oil, Integrated(3)	2540.38	+0.7	2523.15	2517.15	2478.71	1718.90	3.44	5.03	24.79	0.00	1010.13
16 Oil Exploration & Prod(11)	1859.32	+2.2	1818.66	1796.23	1784.14	1695.80	3.08	3.70	34.73	0.00	1054.32
20 GEN MANUFACTURERS(283)	2134.44	+1.4	2104.56	2089.01	2065.45	1598.90	3.46	3.17	43.35	1.40	1056.71

LONDON EQUITIES

LIFFE EQUITY OPTIONS

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	65	0	13
Other Fixed Interest	3	2	10
Mineral Extraction	86	46	76
General Manufactures	316	73	297
Consumer Goods	80	28	86
Services	237	56	232
Utilities	36	5	5
Financials	160	40	193
Investment Trusts	197	20	247
Others	48	46	27
Totals	1,228	316	1,186

Data based on those companies listed on the London Share Service.

LONDON RECENT ISSUES: EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

FINANCIAL TIMES EQUITY INDICES

TRADING VOLUME

■ Major Stocks yesterday

TRADITIONAL OPTIONS

■ Hourly movements

■ FT-SE Actuaries 350 Industry baskets

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or –	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	□	£23¾	–⅛	£25¾	£18¼	6,872	4.4	12.7
ANZ A$	□	236¼	+4½	238¾	130	3,098	3.8	ф
Abbey National	†□	518	–1	524	345	6,764	2.8	19.9
Allied Irish IE	♣†□	309	—	314	179	2,038	3.4	15.8
Anglo Irish IE	M□	68xd	+1	*69	28	165.6	6.2	ф
Asahi Y	□	657¾	+7	844	416	15,262	0.7	–
Banco Bil Viz Pta	□	£14⅜	–½	£17⅝	£13½	3,329	5.7	8.5
Banco Sant Pta		£29⅞	—	£38	£24⅛	3,328	4.4	11.4
Bank Leumi (UK)		375	—	375	325	29.8	5.7	–
Bk Ireland IE	♣u□	317	+2	*319	177	1,494	3.9	23.4
Bank Scotland	♣†□	220	–1	240½	116½	2,954	2.7	29.9
9¼pc Pf		137¼	+¼	140¾	117¾	137.8	8.4	–
9¾pc Pf		144¼	+¼	147¼	123½	144.8	8.4	–
Barclays	♣N□	617	+10	652	362	10,013	2.5	–
Dai Ichi Kan Y	□	£11⅛	+⅛	£15⅜	£9⅞	34,439	0.5	81.0
Deutsche DM	□	£310⅞	–3⅜	£348¾	£250½	14,808	1.9	–
Espirito Santo		£24⅛	–⅛	£24⅜	£16½	259.6	3.3	5.8
First Nat Fin	□	79xd	+4	*95	45	131.7	2.4	ф
6.3pc Cv Pf		88xd	–1	*91	55	5.92	8.9	–
7pc Cv Pf		154xd	+10	167½	106	73.1	5.7	–
Fuji Bank Y	□	1178	–6	1651	876	34,052	0.5	–
HSBC HK	†□	955	+44	1007	474	16,472	2.8	23.1
HSBC (75p Shs)	†□	947	+44	987	490	7,774	2.6	22.7
Lloyds	†□	635	+10	690	492	8,163	3.8	18.2
Mitsubishi Y	□	£16⅝	+⅛	£19¾	£11⅞	48,455	0.3	–
Mits Tst & Bk Y	□	735¼	–26½	1012½	482½	9,581	0.7	11.8
Mitsui Tst & Bk Y	□	571½	–7	852	374	6,847	0.9	19.5
Nat Aust A$	□	576¼	+5¼	576¼	322	7,581	3.9	ф
NatWest	†□	608	+5	634	398	10,105	3.7	35.9
Ottomane FFr		£30	—	£32½	£23¼	150.8	5.0	6.6
Ryl Bk Scotland	♣N□	457xd	+5	470	207	3,628	3.0	30.7
Sakura Y	□	£9	+⅛	£11	£5¾	29,778	0.6	58.1
Sanwa Y	s□	£12⅞	–⅛	£16	£7⅞	36,087	0.4	–
Standard Chartd	†□	1203	+38	1283	576	2,884	2.1	–
Sumitomo Y	□	£12⅛	+⅛	£16¼	£8⅞	37,884	0.4	26.0
Sumitomo Tst Y	□	702½	–20½	987½	437½	8,739	0.8	55.1
TSB	qN□	276	+7	276	145½	4,189	3.5	21.4
Tokai Y	□	£7⅛	+⅛	£9⅞	£4⅞	14,332	0.8	47.2
Toyo Tst & Bk Y	□	627¼	–5½	840	411	4,929	0.8	55.9
Westpac A$		223xd	—	223	121	3,909	2.4	ф
Yasuda Tst Bk Y	‡□	473½	–6¼	690	343	5,222	1.0	42.2

BREWERIES

	Notes	Price	+ or –	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Ascot Hldgs	□	8½	+¼	16½	4½	30.1	–	–
Bass	qN□	591xd	+4	647	441	5,129	4.2	16.0
Boddington	†□	289	–4	299	189	324.4	3.5	15.7
Burtonwood		183xd	+2	184	129	38.1	3.3	15.3
Eldridge Pope A	♣	176xd	+3	176	75	34.2	2.5	ф
Fosters A$	□	63	–¼	70½	50	2,027	4.3	ф
Fuller STA	♣†	445xd	+3	445	336	90.3	2.1	19.1
Gibbs Mew	♣†	395	–3	403	148	25.4	2.6	19.4
Greenalls	♣qN□	486xd	+11	488	347	1,014	3.2	16.7
Greene King	†N□	550xd	+2	575	505	232.6	2.8	15.4
Grosvenor Inns	♣♣	143	—	148	79	11.6	3.7	19.2
Hardo		71	—	*756	31	8.30	–	55.4

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

SPIRITS, WINES & CIDERS

SPIRITS, WINES & CIDERS - Cont.

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Seafield IC	□	13½	-½	21½	7½	8.94	-	-
Stagecoach	LN□	176	----	178	112	217.5	2.7	21.3
TNT A$	□	102¾	+1½	102¾	31½	580.2	-	-
Tibbett & Britten	♣†	863	+8	863	624	378.0	1.8	33.1
Tiphook	N□	61½	-3½	382	37	68.1	-	-
Transport Dev	♣N□	303	+4	303	227	445.4	3.9	10.0
Uglead Intl	□	98	----	111	98	23.5	-	-
Verd Nkr		£4⅞	-⅛	£5¼	£1⅝	188.0	-	-
Wah Kwong HK$		148¾	---	148½	97½	183.8	2.3	7.2

WATER

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglian	♣†N□	588xd	+4	610	455	1,684	4.7	11.4
Bristol Water	†N	1073xd	----	1075	775	71.2	3.7	13.1
Chelsea A	†	463xd	---	463	195	23.3	3.2	16.5
B N/V		448xd	---	448	180	18.7	3.1	16.0
East Surrey	†	384xd	+1	384	270	48.5	3.8	9.5
Mid Kent	†N	355xd	+3	355	244	60.7	3.8	13.1
North West	†N□	582xd	+7	604	431½	2,170	4.7	9.6
Northumbrian	♣†N□	718xd	+2	761	547	488.1	4.0	8.4
Severn Trent	♣†N□	618xd	+12	632	439	2,211	4.4	9.5
South Staffs	♣†	1558	+8	1605	1225	87.2	3.9	11.1
South West	♣†N□	643xd	+1	657	465	805.7	4.7	10.4
Southern	†N□	635xd	+3	665	454	1,064	4.3	10.2

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£13½	----	£13½	£7½	805.4	5.2	11.4
Barlow Rand		84½	----	£10⅝	£4	858.1	7.5	8.0
Gold Fields SA R		£16⅞	-⅞	£18	£7¼	1,579	2.5	27.0
NK Props	as	90	----	97	68	3.62	15.1	ϕ
SASOL	♥	292	-1	308	215	1,654	5.3	-
SA Brews		£13⅛	-⅞	£15⅞	£7⅞	7,097	2.1	21.7
Tiger Oats		738	----	838	513	1,108	2.2	15.6
Tongaat-Hulett	‡	485xd	-17	472	212	325.8	3.4	12.1

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ⁑ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xl ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring 081 770 0770 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT2264. [If calling from outside UK, dial +44 81 770 0770 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, international) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783						
AIB Grofund American	5	188.3	189.8	178.8		0.00
AIB Grofund Equity	5	249.8	252.8	267.5		1.48
AIB Grofund Euro	5	198.9	200.5	211.0		0.00
AIB Grofund Erql Balanced	3	118.9	121.3	125.7		0.96
AIB Grofund Gilt	3	82.04	85.07	84.81		4.29
AIB Grofund Japan	5	164.7	165.6	174.3		0.00
AXA Equity & Law Unit Tst Mngrs (1200)H						
Equity & Law Hse, Corpn St, Coventry 0203 553231						
General Inc	6	496.3	497.6	529.4	+0.7	2.05
General Acc	6	550.8	552.2	587.5	+0.8	2.05
UK Growth Acc	6	373.0	377.5	401.7	+0.9	2.21
UK Growth Inc	6	261.2	264.4	281.3	+0.6	2.21
Higher Inc Acc	6	703.4	712.4	757.9	+3.5	3.09
Higher Inc Inc	6	420.7	426.0	453.2	+2.1	3.09
Gilts/Fxd Int Acc	5½	195.4	195.4	208.3	+0.3	5.41
Gilts/Fxd Int Inc	5½	90.90	99.90	105.5	+0.2	5.41
Nth American	6	256.9	262.7	279.5	-0.7	0.00
Far East	6	351.8	351.8	374.4	+1.8	0.00
Europe	6	265.6	267.9	285.0	-1.4	0.50
Brit Excel	6	75.27	75.27	80.08	-0.17	2.31

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Capel-Cure Myers UT Mngt Ltd - Contd.						
Exempt Fund						
High Yield	2	1420.00	1443.00	1503.00	+9.00	3.62
(Accum Units)	2	1731.00	1742.00	1798.00	+11.00	3.62
Capital House Unit Tst Mgrs (1200)F						
Capital House, Festival Square, Edinburgh.						
031-228 4477 Dealing 0800 833581						
American Gwth Tst	6	37.62	37.62	40.44	-0.48	0.91
American Gwth Tst Acc	6	38.04	38.04	40.86	-0.48	0.91
Cash Acc	0	81.52	81.52	81.52	---	5.03
Do Income	0	50.32	50.32	50.32	---	5.03
European Gwth	6	38.81	38.81	41.39	-0.35	0.84
Income & Gwth Acc	6	32.89	33.10	35.40	+0.22	3.78
Do Income	6	30.37	30.57	32.69	+0.21	3.78
Intnl Gwth	6	31.77	31.77	33.97	-0.12	0.76
Japan Gwth	6	25.98	25.98	27.78	+0.04	-
Managed Tst Acc	6	52.10	52.24	55.87	-0.2	0.48
Do Income	6	50.67	50.71	54.23	-0.17	0.48
Oriental Opps Acc	6	164.6	166.7	178.2	+1.7	0.57
Do Income	6	160.1	162.2	173.4	+1.7	0.57
Property Shares	6	44.73	46.01xd	49.30	+0.16	1.68
Smaller Cos	6	32.48	33.27	35.58	+0.29	1.49
UK Growth Tst	6	27.56	27.59	29.50	+0.08	2.56
Magd Exempt Acc	3	270.2	270.2xd	278.1	-0.5	2.27
Do Income	3	251.8	251.8xd	259.2	-0.4	2.27
Royal Scottish Assurance						
Roy Scot/Cap Hse Gbl Acc	6	79.38	79.73	85.27	+0.83	1.59
Do Income	6	75.49	75.82	81.09	+0.82	1.59
Roy Scot/Cap Hse UK Acc	6	77.21	77.58	82.98	+0.11	2.22
Do Income	6	71.68	72.03	77.03	+0.1	2.22

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Fidelity Investment Servs Ltd - Contd.						
Income Funds						
High Income	4	29.19	29.48xd	31.02	+0.12	[illegible]
Income Plus	5¼	130.8	130.8	139.1	+1.00	[illegible]
Amer Eq Inc	5¼	48.58	48.58xd	51.60	-0.13	[illegible]
European Income	5¼	43.94	44.23	47.03	-0.09	[illegible]
Far East Inc	5¼	84.34	84.34	88.57	-0.67	[illegible]
Global Convertible	5¼	25.49	25.49xd	27.18	-0.17	[illegible]
Equity Funds						
ASEAN	5¼	64.83	65.77	70.18	+0.39	[illegible]
American	5¼	230.8	230.8	253.2	-0.40	[illegible]
Amer Spec Sits	5¼	113.1	113.1	120.7	-0.60	[illegible]
Japan Smaller Cos	5¼	38.78	38.90	41.80	+0.24	[illegible]
European	5¼	159.1	160.2	170.4	-0.30	[illegible]
European Opps	5¼	59.24	59.40	63.18	-0.08	[illegible]
UK Growth	5¼	91.72	92.32	98.17	+1.19	[illegible]
Growth & Inc	5¼	164.1	164.1xd	174.5	-1.37	[illegible]
Intl PEP	5¼	36.38	36.63	38.95	+0.17	[illegible]
Japan Spec Sits	5¼	86.35	86.35	92.29	+0.32	[illegible]
Japan	5¼	180.1	180.1	192.2	+0.10	[illegible]
Managed Intl	5¼	268.1	268.1	284.3	+0.40	[illegible]
Moneybuilder	5¼	52.69	52.69	56.10	-0.43	[illegible]
Recovery	5¼	44.79	45.89	48.80	+0.70	[illegible]
South E. Asia	5¼	168.9	168.9	180.2	+2.90	[illegible]
Special Sits	5¼	522.8	533.3	567.1	+8.80	[illegible]
Specialist Funds						
UK Index	5¼	116.8	116.8	123.0	---	[illegible]
UK Reverse Index	5¼	70.88	70.88	74.56	-0.01	[illegible]
Europe Index	5¼	115.9	115.9	122.0	-0.90	[illegible]
Europe Reverse Index	5¼	63.90	63.90	67.82	+0.43	[illegible]
America Index	5¼	103.1	103.1	108.5	-0.40	[illegible]

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

TSB Unit Trusts (1200)F
Charlton Pl, Andover, Hants. SP10 1RE 0264 346794

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB American	6	229.78	229.78	244.45	+0.53	–
Do Accum	6	253.09	253.09	269.25	-0.58	–
TSB Gilt Growth	6	101.12	102.27	108.88	+0.15	1.65
Do Accum	6	119.74	121.11	128.94	+0.18	1.55
TSB European	6	108.74	108.74	115.68	-0.54	0.23
Do Accum	6	113.45	113.45	120.69	-0.57	0.23
TSB Extra Income	6	219.72	222.85	237.00	+1.71	3.42
Do Accum	6	350.25	354.39	387.52	+2.79	3.42
TSB Smaller Cos	6	75.54	75.94	80.36	-0.41	0.94
Do Accum	6	83.87	83.97	89.33	-0.46	0.94
TSB General	6	308.81	312.01	332.35	+1.12	2.00
Do Accum	6	621.71	628.78	668.93	+2.35	2.00
TSB Premier Income	5	56.89	57.70	62.11	+0.08	5.58
Do Accum	5	121.61	123.89	128.85	+0.19	5.58
TSB Income	6	378.10	384.07	408.58	+2.28	3.05
Do Accum	6	802.80	813.39	865.31	+4.07	3.05
TSB Pacific	6	437.51	437.51	465.44	+2.89	–
Do Accum	6	459.72	459.72	489.08	+2.97	–
TSB International	6	588.33	588.53	622.89	-1.30	0.07
Do Accum	6	743.83	743.83	790.99	-1.71	0.07
TSB Nat Resources	6	184.61	187.07	199.01	-0.10	–
Do Accum	6	202.49	205.30	218.40	-0.12	–
TSB Special Opps	6	116.23	118.10	125.63	+1.02	0.97
Do Accum	6	143.68	140.02	159.51	+1.28	0.97
Environmental Inv	6	66.81	66.81	71.08	-0.22	1.37
Do Accum	6	72.16	72.16	76.77	-0.24	1.37
TSB Selector	6	67.86	68.92	73.32	+0.38	1.92
Do Accum	6	76.43	76.69	81.48	+0.42	1.92
TSB High Income	6	72.14	72.95	77.60	+0.27	3.91
Do Accum	6	87.76	88.75	94.43	+0.33	3.81
TSB Int Income	6	63.67	64.11	68.20	-0.02	4.67
Do Accum	6	75.10	75.60	80.42	-0.02	4.57
TSB Selector Income	6	67.77	68.47	72.84	+0.28	4.58
Do Accum	6	77.01	77.80	82.77	+0.32	4.58

T.U. Fund Managers Limited (1200)H
NLA Tower, Addiscombe Road, Croydon 081-686 4355

T.U. British	5	355.0	361.4	380.4	+3.0	2.42
T.U. European		49.77	49.92	52.27	+0.15	2.00

Templeton Unit Trust Managers Ltd (1200)F
Atholl Crescent, Edinburgh EH3 8HA 031-228 3932

Global Growth Acc	6	223.80	224.05	239.65	+0.48	1.74
Global Growth Inc	6	202.72	202.52	217.36	+0.42	1.74

INSURANCES

AXA Equity & Law Life Assce
Amersham Road, High Wycombe 0494 463463

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equities Ser 5	997.1	1049.6	-1.9	–
Higher Income Ser 5	1084.4	1141.4	+8.9	–
Property Ser 5	524.3	551.8	+0.4	–
Fixed Interest Ser 5	423.4	445.6	+0.1	–
Index Lnkd Secs Ser 5	187.5	197.1	+0.4	–
Cad Deposit Ser 5	288.8	304.0	+0.3	–
Nth American Ser 5	437.7	460.7	-0.5	–
Far East Ser 5	557.1	586.4	+2.8	–
Europe Ser 5	356.9	375.6	-1.5	–
International Ser 5	549.2	578.1		–
Balanced Ser 5	714.7	752.3	+2.0	–
Reserve Ser 5	149.4	157.2	+0.2	–
Opportunity Ser 5	162.7	171.2	-0.2	–
Distribution Ser 5	110.0	115.7	+0.2	–
Pens Equity Ser 3 (2)	1404.2	1478.1	+9.2	–
Pens Higher Inc S 3 (2)	341.2	359.1	+2.6	–
Pens Fixed Int S 3 (2)	572.8	602.7	-0.1	–
Pens Index-Linked Ser 3 (2)	243.3	256.1	–	–
Pens Property S 3 (2)	486.7	512.3	–	–
Pens N America S 3 (2)	197.9	208.0	+0.6	–
Pens Far East S 3 (2)	321.7	338.6	-2.2	–
Pens Europe S 3 (2)	201.4	212.0	+1.2	–
Pens Overseas S 3 (2)	831.9	875.6	+0.8	–
Pens Balanced S 3 (2)	822.4	865.6	+3.1	–
Pens Cash S 3 (2)	419.5	441.5	–	–
Pens DAF Series 3(2)	234.7	247.0	–	–
Pens DAF Series 1(2)	465.3	489.7	–	–
Pens Opportunity S 3 (2)	178.1	187.4	+0.5	–
Pens Reserve S 3 (2)	172.6	181.6	–	–

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop. Ser. 1	267.0	281.1		–
Equity Ser. 1	183.0	192.7	+2.10	–
Prop. Acc. Ser 2	487.6	513.3		–

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Royal Heritage Life Assurance Ltd - Contd.

Scottish Widows' Group

Target Life Assurance Co Ltd

Finexco International Ltd

Hansard International Ltd.

Macartney & Dowie Invest Mngt Plc

Marsh Financial Management PLC

Roxborough Financial Management Ltd

Prudential Fund Managers (Guernsey) Ltd

Rothschild Asset Management (CI) Ltd

GT Asset Management (Ireland) Ltd

Asset Global Funds Ltd (1200)

CMI Fund Managers (IoM)

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

MANAGEMENT SERVICES

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Citibank - Contd.				
Bond Funds				
HYB (A) Jan 17	$01482.3937		—	-
Special Assets (B) Dec 1	FFr11681.3160		—	-
Citibank N.A.				
Libra 2000 Nov 30	$139.28		—	-
Libra 2000 Inst Nov 30	$139.28		—	-
Coutts & Co (Jersey) Fund Managers Ltd				
Amberton Replica Portfolio Ltd				
Amberton Replica Ptfolio Ltd £	14.08	14.88	—	-
Amberton Replica Ptfolio Ltd $	$12.91	13.45	—	-
EBC Fund Managers (Jersey) Ltd				
EBC Trusted Currency Fund Ltd*				
Income	$14.45	14.904	-0.01	1.26
Capital	$22.77	23.473	-0.011	-
*Offer price includes 3% prelim. charge				
International Income Fund*				
Europbd Long Term–US$	$33.87	34.9173	-0.0424	4.90
Europbd Long Term–DM	DM108.27	111.6000	+0.0521	1.52
* Offer Price includes 3½% Initial Charge				
Fleming Group				
Robert Fleming Management (Jersey) Ltd				
Cash & Short NAV Dec 31	$10.96		—	-
Deutschmark NAV Dec 31	DM17.00		—	-
Foreign & Colonial Mngmt (Jersey) Ltd				
Hypo Foreign & Colonial Reserve Asset Fd Ltd				
US$ Cash	$11.177		—	-
Sterling Cash	£13.333		+0.001	-
US$ Bonds	$17.098		+0.016	-
Multicurrency Bonds	$22.794		+0.009	-
Sterling Bonds	£17.608		+0.049	-
D Mark Bonds	DM12.998		-0.009	-
European Bonds	Ecu14.962		-0.007	-
UK Equities	£14.348		+0.067	-
US Equities	$18.001		+0.038	-
Japanese Equities	Y618.2		-5.0	-
Cont Euro Equities	DM21.212		+0.098	-
UK Negative Equities	£10.278		-0.044	-
US Negative Eq	$9.952		-0.022	-
Japanese Negative Eq	Y871.4		+8.4	-
Cont Eur Negative Eqs				-
UK Geared Equities	£11.300		-0.108	-
US Geared Equities	$17.361		+0.009	-

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
CMI Asset Management - Contd.						
Japan Index Tracking	Y–		805		-8.00	-
UK Eqty Index Tracking	£–		7.470		+0.114	2.05
US Eqty Index Tracking	$–		13.205		-0.029	1.05
German Bond	DM–		23.974		+0.025	5.42
Japanese Bond	Y–		1874		-37	3.54
Swiss Bond	SFr–		22.803		+0.347	3.94
UK Bond	£–		6.950		-0.063	6.28
US Bond	$–		11.925		+0.001	5.79
Stlg Currency Reserve	£–		5.0160		+0.007	4.13
US Dlr Currency Reserve	$–		10.0223		—	2.31
Comgest SA						
58 rue de Londres, 75008 Paris 010 331 4470 7610						
Comgest Europe SICAV	SFr–		1248.89		—	-
Commercial Union Luxembourg SA (u)						
41 Ave de la Gare L-1611 010 352 402030261						
Commercial Union Privilege Portfolio						
Equity Funds						
Monthly Income	£–		1.2581	1.3171	—	7.05
Private Client Mgd	£–		1.3958	1.4990	—	-
Far Eastern Gwth	$–		3.0215	3.2144	+0.02	-
American Gwth	$–		2.4457	2.6018	—	-
European Gwth	Ecu–		2.4225	2.5771	-0.01	-
Japanese Gwth	Y–		140	149	—	-
UK Growth	£–		1.3453	1.4312	+0.07	-
Italian Gwth	L–		1753	1865	+13.00	-
Spanish Gwth	Pta–		215	229	-4.00	-
Dutch Gwth	Dfl–		6.8129	7.2478	+0.02	-
Belgian Gwth	BFr–		115	122	-1.00	-
French Gwth	FFr–		10.9022	11.981	-0.23	-
German Growth	DM–		2.6118	2.7785	-0.04	-
Green	$–		1.6578	1.7637	+0.01	-
Gold Share	$–		1.3961	1.4873	+0.02	-
Emerging Countries	$–		2.3542	2.5045	+0.01	-
Reserve Funds						
Dollar Reserve Acc	$–		10.7380	10.847	—	1.42
Dollar Reserve Dis	$–		9.0065	10.089	—	1.42
Yen Reserve Acc	Y–		1051	1062	—	1.66
Yen Reserve Dis	Y–		991	1001	—	1.86
D'mark Reserve Acc	DM–		12.0435	12.164	—	5.16
D'mark Reserve Dis	DM–		9.9169	10.011	—	5.16
Stlg Reserve Acc	£–		1.3862	1.402	—	4.52
Stlg Reserve Dis	£–		0.8821	1.0021	—	4.52
Bond Funds						
D'mark Bond Acc	DM–		57.0686	57.649	-0.15	5.18
Peseta Bond Acc	Pta–		310	312	[illegible]	9.77

...

	Bid Price	Offer Price	+ or -	Yield Gross
Wells Fargo U.S. IT Fund				
Wells Fargo A Shs (z)	$13.62		+0.04	-
Wells Fargo B Shs (z)	$14.14		+0.14	-
Worldwide Limited				
NAV Nov 30	$83.70		—	-
Xiphias International Investment Fd Ltd				
Xiphias Int US$ Acc	$1.4817		—	-
Xiphias Int ECU Acc	Ecu1.5861		—	-
Xiphias Int ECU Dis	Ecu1.3486		—	-
Yamaichi Capital Mngmt (Guernsey) Ltd				
Thai Inv Fund	$19.20		—	-

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yield % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. b Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. u Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. z Previous day's price. §§ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Financial Services Department; Luxembourg: Institut Monétaire Luxembourgeois.

CURRENCIES AND MONEY

MARKETS REPORT

$ slips in volatile trade

The dollar failed yesterday to build on recent gains against the D-Mark and the Yen, *retreating against both currencies in fairly volatile trading, writes Philip Gawith.*

The dollar and most other leading currencies were firmer against the D-Mark in early trading. Analysts and dealers said the tone of the Bundesbank's latest monthly report, which held out little hope of an early cut in German interest rates to speed growth, had not helped the German currency. But dollar sales by European central banks and worries about US-Japanese trade tensions sapped the dollar's strength in afternoon trading.

● Against the D-mark, the dollar ended London trading at DM1.7487, down from an earlier high of around *DM1.7540* and Monday's close of DM1.7553.

Mr Avinash Persaud, head of currency research at J.P. Morgan (Europe), said that the dollar, after breaking through last year's high of DM1.7480, might have been expected to attract new investors at this level. He cited two main reasons for the dollar's failure to rise further. *First, the sale of dollars by* European central banks for reserve management purposes: banks had to repay by the end of January heavy borrowings they made from Bundesbank in the ERM crisis of last August, Mr Persaud said. They were taking advantage of recent dollar strength to buy cheap D-Marks.

A second factor was the weakness over the past few days of dollar against the yen which may be capping the advance of the dollar in other markets. The dollar closed in London at Y110.75, down from *Y111.08 on Monday.*

Mr Mark Austin of Hong Kong Shanghai Bank said this was a function of the apparent lack of progress between the US and Japan in talks aimed at curbing the Japanese trade deficit, particularly in relation to the US. The latest indication of discord on the trade front came on Monday evening when U.S. Treasury Secretary Lloyd Bentsen expressed concern about lack of progress in ongoing *framework* talks on trade.

At the start of the new year, many operators were betting on strong dollar gains against the yen. However, the Bentsen comment and those of other US officials expressing dissatisfaction with trade developments have prompted a number of them to turn bearish on the dollar. Some dealers suggested that the US would now try to talk up the yen.

Moreover, as Mr Adrian Cunningham, currency economist at UBS in London, pointed out market expectations were that Japanese trade figures later this week would show an increase in Japan's surplus. This was putting upward pressure on the yen. However, this was expected to be short-lived if the Japanese government announces a stimulatory *fiscal* package later this week.

The market will look to tomorrow's U.S. November merchandise trade figures for direction on the dollar and yen. The U.S. trade gap is *expected to have edged up* slightly to $10.55bn in November from $10.5bn in October.

● Market participants took a bearish view of the D-Mark in spite of yesterday's gains.

"The longer they delay cutting rates, the deeper the German recession will get," said Mr Cunningham of UBS of the Bundesbank. "The D-Mark is in a lose-lose situation at the moment,"

Mr Steve Hannah, head of research at *IBJ International,* commented "I don't think we'll see any big moves until Thursday when the Bundesbank council meets. Everybody accepts that German interest *rates have still* got a lot further to fall this year, but nobody's quite sure when."

Although the market is not expecting a cut in rates, Mr Hannah said he would not be surprise if there was a cut since there *had been not* been a reduction in official rates since October and some movement was becoming overdue. "I don't think it would be inconsistent for them at this stage to cut rates. I think it's quite pos*sible," he said.*

● Denmark's Central Bank yesterday said it would lower its discount and key deposit rates to 5.75 per cent from 6 per cent, effective today.

Mr Austin of Hong Kong *Shanghai Bank said the cut* followed recent comments by the central bank governor that he saw no reasons why Danish interest rates should not fall as low as 3 per cent. However, Mr Austin said it was unlikely that any other European countries would follow the Danish lead.

● The D-Mark's rebound hit *sterling which closed slightly* lower at DM2.618 after a quiet day against DM2.6184 on Monday. Against the dollar, however, it rose to $1.4972 from $1.4918.

On the London money market, the Bank of England forecast a liquidity shortage of £950m early in the day which it later revised upwards to *£1.1bn. The Bank did not operate* in the early round and its overall assistance was only £782m of which about £510m was late assistance at unspecified rates.

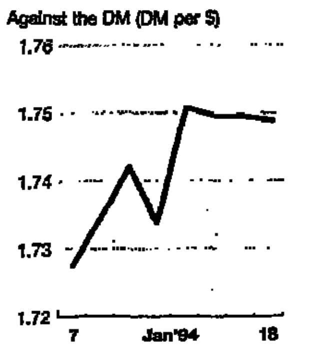
● The rouble fell to a new *low of 1,504 to the dollar from* Monday's 1.402 on fears of economic turmoil after the weekend resignation of the reforming minister Yegor Gaidar.

"The rouble has nowhere to go but down. The economy is *already* in a mess, with *or* without Gaidar," one dealer from Stolichny Bank in Moscow was quoted as saying.

● In the German money markets yesterday the Bundesbank confirmed the repo at a fixed *rate of 6 per cent, a clear signal,* said Mr Hannah, that monetary policy is on hold.

Dollar

Against the DM (DM per $)



Source: FT Graphite

■ Pound in New York

Jan 14	—Latest—	— Prev. close —
£ spot	1.4960	1.4935
1 mth	1.4929	1.4903
3 mth	1.4880	1.4853
1 yr	1.4740	1.4715

POUND SPOT FORWARD AGAINST THE POUND

Jan 18		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	18.4187	+0.0142	106 - 267	18.4607	18.3924	18.4225	-0.2	18.4319	-0.3	-	-	113.4
Belgium	(BFr)	54.4428	-0.0434	922 - 933	54.6306	54.3922	54.5378	-2.1	54.6928	-1.8	55.0378	-1.1	112.8
Denmark	(DKr)	10.1484	+0.0112	414 - 553	10.1664	10.1357	10.1599	-1.4	10.1719	-0.9	10.1764	-0.3	114.9
Finland	(FM)	8.4868	+0.0039	773 - 962	8.5053	8.4701	-	-	-	-	-	-	81.0
France	(FFr)	8.8819	-0.0008	768 - 869	8.8987	8.8755	8.8916	-1.3	8.9037	-1.0	8.918	-0.4	107.9
Germany	(DM)	2.6180	-0.0004	167 - 193	2.6306	2.6163	2.6198	-0.8	2.6213	-0.5	2.6192	0.0	212.2
Greece	(Dr)	375.336	-0.138	874 - 798	376.343	374.874	-	-	-	-	-	-	-
Ireland	(I£)	1.0448	-0.0013	436 - 459	1.0482	1.0436	1.0455	-0.8	1.0464	-0.6	1.0488	-0.4	104.1
Italy	(L)	2545.53	+1.27	419 - 687	2548.02	2539.67	2552.48	-3.3	2564.18	-2.9	2608.08	-2.5	76.4
Luxembourg	(LFr)	54.4428	-0.0434	922 - 933	54.6306	53.3922	54.5378	-2.1	54.6928	-1.8	55.0378	-1.1	112.8
Netherlands	(Fl)	2.9309	-0.0007	294 - 323	2.9404	2.9298	2.9311	-0.1	2.9298	0.2	2.9189	0.4	116.0
Norway	(NKr)	11.2517	-0.0064	476 - 558	11.2737	11.2423	11.2676	-1.7	11.2855	-0.5	11.2519	0.0	84.8
Portugal	(Es)	262.975	+0.081	688 - 261	263.736	262.010	264.37	-6.4	266.99	-6.1	-	-	-
Spain	(Pta)	213.157	-1.342	920 - 394	214.865	212.920	213.932	-4.4	215.047	-3.5	219.142	-2.8	84.7
Sweden	(SKr)	12.1172	-0.0067	069 - 275	12.1616	12.0932	12.1447	-2.7	12.1747	-1.9	12.2862	-1.4	76.2
Switzerland	(SFr)	2.1962	-0.0123	949 - 974	2.2074	2.1949	2.1938	1.3	2.1891	1.3	2.1636	1.5	118.1
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	82.9
Ecu	-	1.3478	-0.0003	470 - 486	1.3503	1.3469	1.3494	-1.4	1.3514	-1.1	1.3546	-0.5	-
SDR†	-	0.919846	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4962	+0.006	958 - 966	1.4968	1.4923	-	-	-	-	-	-	-
Brazil	(Cr)	589.735	+11.816	590 - 880	590.000	579.000	-	-	-	-	-	-	-
Canada	(C$)	1.9700	+0.0012	690 - 709	1.9741	1.9619	1.967	1.8	1.9624	1.5	1.9485	1.1	92.3
Mexico	(New Peso)	4.6487	+0.0146	461 - 512	4.6512	4.6296	-	-	-	-	-	-	-
USA	($)	1.4972	+0.0054	968 - 975	1.4981	1.4935	1.4941	2.5	1.4893	2.1	1.4755	1.4	67.4
Pacific/Middle East/Africa													
Australia	(A$)	2.1488	+0.0056	475 - 500	2.1517	2.1420	2.1473	0.8	2.1451	0.7	2.1451	0.2	-
Hong Kong	(HK$)	11.5663	+0.0425	628 - 697	11.5736	11.5391	11.5458	2.1	11.5124	1.9	11.421	1.3	-
India	(Rs)	46.8675	+0.1694	546 - 803	46.9950	46.8550	-	-	-	-	-	-	-
Japan	(Y)	165.810	+0.108	696 - 923	166.530	165.270	165.34	3.4	164.455	3.2	160.6	3.1	178.1
Malaysia	(M$)	4.0873	+0.0111	848 - 897	4.0897	4.0688	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6571	-0.0108	548 - 594	2.6670	2.6516	2.6593	-1.0	2.6623	-0.8	2.6641	-0.3	-
Philippines	(Peso)	41.5208	+0.2246	865 - 551	45.8551	41.3865	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.6137	+0.02	120 - 153	5.6161	5.6003	-	-	-	-	-	-	-
Singapore	(S$)	2.4096	+0.0086	073 - 099	2.4097	2.4027	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.1106	+0.0185	083 - 129	5.1129	5.1009	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.5128	+0.0981	036 - 216	6.5216	6.4321	-	-	-	-	-	-	-
South Korea	(Won)	1214.49	+2.59	405 - 492	1215.11	1211.68	-	-	-	-	-	-	-
Taiwan	(T$)	39.5473	+0.2173	305 - 640	39.5640	39.4000	-	-	-	-	-	-	-
Thailand	(Bt)	38.2597	+0.1156	283 - 911	38.2911	38.1590	-	-	-	-	-	-	-

†SDR rate for Jan 14. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.
Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jan 18		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Morgan G'ty index
Europe													
Austria	(Sch)	12.3025	-0.035	000 - 050	12.3410	12.2985	12.3292	-2.6	12.3687	-2.2	12.474	-1.4	-
Belgium	(BFr)	36.3643	-0.1607	390 - 895	36.5300	36.3390	36.5043	-4.6	36.7243	-4.0	37.3043	-2.6	-
Denmark	(DKr)	6.7785	-0.017	754 - 815	6.7980	6.7754	6.8005	-3.9	6.83	-3.0	6.8975	-1.8	-
Finland	(FM)	5.6688	-0.0179	636 - 736	5.6830	5.6606	5.6793	-2.3	5.6901	-1.5	5.7271	-1.0	-
France	(FFr)	5.9325	-0.022	305 - 345	5.9655	5.9305	5.9513	-3.8	5.9785	-3.1	6.0445	-1.9	-
Germany	(D)	1.7487	-0.0066	482 - 491	1.7562	1.7490	1.7536	-3.3	1.7603	-2.7	1.7762	-1.6	-
Greece	(Dr)	250.700	-1	450 - 950	251.650	250.450	254.4	-17.7	260.95	-16.4	294.7	-17.6	-
Ireland	(I£)	*1.4331*	*+0.007*	*318 - 343*	*1.4345*	*1.4259*	*1.4292*	*3.3*	*1.4231*	*2.8*	*1.4061*	*1.9*	-
Italy	(L)	1700.25	-5.3	975 - 075	1705.00	1699.00	1703.45	-5.8	1721.75	-5.1	1767.75	-4.0	-
Luxembourg	(LFr)	36.3643	-0.1607	390 - 895	36.5300	36.3390	36.5043	-4.6	36.7243	-4.0	37.3043	-2.6	-
Netherlands	(Fl)	1.9576	-0.0076	571 - 581	1.9675	1.9573	1.9618	-2.6	1.9674	-2.0	1.9793	-1.1	-
Norway	(NKr)	7.5154	-0.0315	144 - 164	7.5460	7.5142	7.5309	-2.5	7.5544	-2.1	7.6154	-1.3	-
Portugal	(Es)	175.650	-0.575	500 - 800	176.450	175.500	176.9	-8.5	178.92	-7.4	186.5	-6.2	-
Spain	(Pta)	142.375	-1.415	250 - 500	143.600	142.250	143.19	-6.9	144.405	-5.7	148.55	-4.3	-
Sweden	(SKr)	8.0935	-0.0336	885 - 985	8.1365	8.0846	8.1272	-5.0	8.1725	-3.9	8.3255	-2.9	-
Switzerland	(SFr)	1.4669	-0.0136	664 - 674	1.4770	1.4664	1.4683	-1.2	1.4699	-0.8	1.4661	0.1	-
UK	(£)	*1.4972*	*+0.0054*	*968 - 975*	*1.4981*	*1.4935*	*1.4941*	*2.5*	*1.4893*	*2.1*	*1.4755*	*1.4*	-
Ecu	-	1.1108	+0.0042	104 - 112	1.1112	1.1072	1.1072	3.9	1.1021	3.1	1.0896	1.9	-
SDR†	-	1.37241	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9994	+0.0004	993 - 994	0.9993	0.9994	-	-	-	-	-	-	-
Brazil	(Cr)	393.905	+6.351	900 - 910	393.930	393.760	-	-	-	-	-	-	-
Canada	(C$)	1.3158	-0.004	155 - 161	1.3203	1.3117	1.3166	-0.7	1.3176	-0.5	1.3208	-0.4	-
Mexico	(New Peso)	3.1050	-0.0015	040 - 060	3.1060	3.1040	3.1067	-0.7	3.1108	-0.7	3.125	-0.6	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	-
Pacific/Middle East/Africa													
Australia	(A$)	1.4353	-0.0014	347 - 359	1.4395	1.4327	1.4364	-0.9	1.4396	-1.2	1.447	-0.8	-
Hong Kong	(HK$)	7.7255	+0.0005	250 - 260	7.7270	7.7250	7.728	-0.4	7.7307	-0.3	7.738	-0.2	-
India	(Rs)	31.3713	-	700 - 725	31.3725	31.3600	31.4513	-3.1	31.6563	-3.6	-	-	-
Japan	(Y)	110.750	-0.33	700 - 800	111.310	110.640	110.675	0.8	110.455	1.1	108.875	1.7	-
Malaysia	(M$)	2.7300	-0.0025	290 - 310	2.7330	2.7215	2.7268	1.4	2.732	-0.3	2.76	-1.1	-
New Zealand	(NZ$)	1.7748	-0.0136	737 - 759	1.7857	1.7730	1.7761	-0.9	1.78	-1.2	1.7906	-0.9	-
Philippines	(Peso)	27.8000	+0.05	500 - 500	27.9500	27.5000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7496	-0.0001	493 - 498	3.7498	3.7493	3.7541	-1.4	3.7671	-1.9	3.7764	-0.7	-
Singapore	(S$)	1.6088	-	083 - 093	1.6093	1.6077	1.6072	1.2	1.6054	0.8	1.6146	-0.4	-
S Africa (Com.)	(R)	3.4136	+0.0001	128 - 143	3.4155	3.4120	3.4313	-6.2	3.4588	-5.3	3.5616	-4.3	-
S Africa (Fin.)	(R)	4.3500	+0.05	450 - 550	4.3550	4.3050	4.377	-7.4	4.43	-7.4	-	-	-
South Korea	(Won)	811.200	-1.2	100 - 300	812.400	811.100	814.2	-4.4	817.7	-3.2	836.2	-3.1	-
Taiwan	(T$)	26.4150	+0.05	100 - 200	26.4200	26.4100	26.4739	-2.7	26.595	-2.7	-	-	-
Thailand	(Bt)	25.5550	-0.015	400 - 700	25.5800	25.5400	25.595	-1.9	25.65	-1.5	25.875	-1.3	-

†SDR rate for Jan 14. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Morgan Guaranty Changes shown for Jan 17. N/A. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jan 18		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.64	16.32	4.809	1.920	4677	5.384	20.66	482.9	391.6	22.26	4.034	1.837	3.619	2.750	304.6	2.476
Denmark	(DKr)	53.64	10	8.751	2.579	1.030	2508	2.888	11.08	259.0	210.0	11.94	2.164	0.985	1.941	1.475	163.3	1.328
France	(FFr)	61.29	11.43	10	2.948	1.177	2866	3.300	12.67	296.0	240.0	13.65	2.472	1.126	2.218	1.685	186.7	1.518
Germany	(DM)	20.79	3.877	3.393	1	0.399	972.5	1.120	4.297	100.4	81.44	4.629	0.839	0.382	0.752	0.572	63.33	0.515
Ireland	(I£)	52.10	9.713	8.500	2.505	1	2436	2.805	10.77	251.6	204.0	11.60	2.101	0.957	1.885	1.433	158.7	1.290
Italy	(L)	2.138	0.399	0.349	0.103	0.041	100.	0.115	0.442	10.33	8.374	0.476	0.086	0.039	0.077	0.059	6.512	0.053
Netherlands	(Fl)	18.57	3.463	3.030	0.893	0.357	868.6	1	3.838	89.70	72.74	4.135	0.749	0.341	0.672	0.511	56.57	0.460
Norway	(NKr)	48.39	9.022	7.895	2.327	0.929	2263	2.605	10	233.7	189.5	10.77	1.952	0.889	1.751	1.331	147.4	1.198
Portugal	(Es)	*20.71*	*3.861*	*3.378*	*0.996*	*0.397*	*968.4*	*1.115*	*4.279*	*100.*	*81.10*	*4.610*	*0.835*	*0.380*	*0.749*	*0.569*	*63.07*	*0.513*
Spain	(Pta)	25.53	4.761	4.166	1.228	0.490	1194	1.375	5.277	123.3	100.	5.685	1.030	0.469	0.924	0.702	77.77	0.632
Sweden	(SKr)	44.92	8.375	7.328	2.160	0.862	2101	2.418	9.282	216.9	175.9	10	1.812	0.825	1.625	1.235	136.8	1.112
Switzerland	(SFr)	24.79	4.622	4.045	1.192	0.476	1159	1.335	5.123	119.7	97.09	5.519	1	0.455	0.897	0.682	75.50	0.614
UK	(£)	54.44	10.15	8.882	2.618	1.045	2546	2.931	11.25	262.9	213.2	12.12	2.196	1	1.970	1.497	165.8	1.348
Canada	(C$)	27.63	5.152	4.509	1.329	0.530	1292	1.488	5.711	133.5	108.2	6.152	1.115	0.508	1	0.760	84.16	0.684
US	($)	36.37	6.780	5.933	1.749	0.698	1701	1.958	7.515	175.6	142.4	8.096	1.467	0.668	1.316	1	110.8	0.900
Japan	(Y)	328.3	61.22	53.57	15.79	6.303	15356	17.68	67.85	1586	1286	73.10	13.24	6.031	11.88	9.029	1000.	8.130
Ecu		40.38	7.530	6.589	1.942	0.775	1889	2.174	8.346	195.0	158.2	8.991	1.629	0.742	1.461	1.111	123.0	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Mar	0.5681	0.5685	+0.0012	0.5687	0.5670	12,624	148,790
Jun	0.5650	0.5653	+0.0008	0.5656	0.5650	104	7,046
Sep	-	0.5622	-	0.5622	-	19	265

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Mar	0.9023	0.9044	+0.0044	0.9057	0.9002	10,982	98,829
Jun	0.9060	0.9076	+0.0043	0.9090	0.9060	170	6,128
Sep	0.9110	0.9110	+0.0030	0.9110	0.9110	13	354

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Mar	0.6767	0.6794	+0.0037	0.6800	0.6750	6,2247	28,003
Jun	0.6780	0.6785	+0.0033	0.6785	0.6780	27	524
Sep	-	*0.6756*	-	-	-	*1*	*31*

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Mar	1.4894	1.4908	+0.0018	1.4914	1.4894	3,334	41,354
Jun	-	1.4850	-	1.4850	-	5	1,031
Sep	-	1.4780	-	1.4780	-	1	11
Dec	-	1.4750	-	1.4750	-	7	10

EMS EUROPEAN CURRENCY UNIT RATES

Jan 18	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.776517	+0.000779	-3.97	7.17	27
Netherlands	2.19672	2.17801	+0.0014	-0.85	3.80	-
Germany	1.94964	1.94574	+0.00153	-0.20	3.12	-
Belgium	40.2123	40.4414	-0.0672	0.57	2.33	-4
France	6.53883	6.59830	+0.00283	0.91	1.99	-8
Portugal	192.854	195.473	-0.223	1.36	1.54	-9
Denmark	7.43679	7.54092	+0.01354	1.40	1.49	-10
Spain	*154.250*	*158.746*	*-0.827*	*2.91*	*0.00*	*-20*
NON ERM MEMBERS						
Greece	264.513	278.688	-0.365	5.36	-2.32	-
Italy	1793.19	1887.85	-1.93	5.28	-2.25	-
UK	0.786749	0.742652	+0.000012	-5.60	9.03	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Feb	Mar	Apr	PUTS Feb	Mar	Apr
1.400	9.12	8.97	8.99	-	0.06	0.34
1.425	6.71	6.72	6.93	0.12	0.25	0.72
1.450	*4.35*	*4.64*	*5.06*	*0.57*	*0.65*	*1.33*
1.500	2.41	2.89	3.49	1.64	1.40	2.24
1.500	1.05	1.64	2.31	3.35	2.59	3.44
1.525	0.29	0.81	1.43	5.59	4.20	5.04

Previous day's vol., Calls 6,776 Puts 9,481 . Prev. day's open int., Calls 496,501 Puts 460,257

WORLD INTEREST RATES

MONEY RATES

January 18	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	7 3/16	7 3/16	7 1/16	6 13/16	6 5/8	7.40	5.25	-
week ago	7 3/16	7 3/16	7 1/8	6 3/4	6 5/8	7.40	5.25	-
France	6 1/2	6 5/16	6 3/16	6	5 3/4	6.20	-	7.75
week ago	6 1/2	6 5/16	6 5/16	6 1/16	5 3/4	6.20	-	7.75
Germany	5.98	6.05	5.80	5.60	5.30	6.75	5.75	6.00
week ago	*6.02*	*6.05*	*5.80*	*5.55*	*5.20*	*6.75*	*5.75*	*6.00*
Ireland	5 7/8	5 7/8	5 7/8	5 11/16	5 5/8	-	-	6.75
week ago	6 1/4	5 7/8	6 1/16	5 5/8	5 9/16	-	-	6.75
Italy	8 7/8	8 1/4	8 3/8	8 1/4	7 13/16	-	8.00	8.92
week ago	9 1/4	8 1/4	8 1/4	8 1/4	8	-	8.00	8.92
Netherlands	5.56	5.41	5.19	5.00	4.81	-	5.25	-
week ago	5.59	5.41	5.20	5.01	4.81	-	5.25	-
Switzerland	4 1/4	4 1/8	4 1/16	3 7/8	3 11/16	6.625	4.25	-
week ago	4 1/4	4 1/8	4 1/16	3 7/8	3 11/16	6.625	4.25	-
US	3	3 1/16	3 1/4	3 3/8	3 11/16	-	3.00	-
week ago	3	3 1/16	3 3/16	3 3/8	3 11/16	-	3.00	-
Japan	2 3/16	2 1/4	2 1/8	2	1 13/16	-	1.75	-
week ago	2 11/16	2 1/4	2 1/4	1 7/8	1 7/8	-	1.75	-
■ ***$ LIBOR FT London***								
Interbank Fixing	-	3 1/8	3 1/4	3 7/16	3 3/4	-	-	-
week ago	-	3 1/8	3 1/4	3 7/16	3 3/4	-	-	-
US Dollar CDs	-	2.97	3.07	3.20	3.52	-	-	-
week ago	-	2.97	3.05	3.17	3.48	-	-	-
SDR Linked Ds	-	3 1/8	3 1/4	3 3/8	3 5/8	-	-	-
week ago	-	3 5/16	3 5/16	3 1/4	3 5/8	-	-	-

3 Month US Treasury Bill Yield 3.02 Prime Rate 6pc $ LIBOR Interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds)

EURO CURRENCY INTEREST RATES

Jan 18	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	7 1/4 - 7 1/8	7 1/4 - 7 1/8	7 1/4 - 7 1/8	7 3/16 - 7 1/16	6 13/16 - 6 11/16	6 5/16 - 6 3/16
Danish Krone	7 1/4 - 7	6 3/4 - 6 1/2	6 5/8 - 6 3/8	6 1/2 - 6	5 7/8 - 5 5/8	5 5/8 - 5 3/8
D-Mark	6 1/8 - 6	6 3/16 - 6 1/16	6 1/8 - 6	5 7/8 - 5 3/4	5 5/8 - 5 1/2	5 5/16 - 5 3/16
Dutch Guilder	5 - 4 3/4	5 7/16 - 5 5/16	5 7/16 - 5 5/16	5 5/16 - 5 1/8	5 - 4 15/16	4 3/4 - 4 11/16
French Franc	6 5/8 - 6 1/2	6 5/8 - 6 1/2	6 9/16 - 6 7/16	6 5/16 - 6 3/16	6 - 5 7/8	5 5/8 - 5 1/2
Portuguese Esc.	10 - 9 7/8	11 1/4 - 10 3/4	11 3/8 - 10 7/8	11 - 10 3/4	10 7/8 - 10 1/2	10 1/2 - 10
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.16	94.16	-	94.18	94.12	16,508	118,043
Jun	94.66	94.67	-	94.68	94.64	6,504	62,506
Sep	95.06	95.05	-0.02	95.08	95.04	6,526	38,436
Dec	95.36	95.35	-0.02	95.36	95.32	2,739	26,782

■ **THREE MONTH EURODOLLAR** (LIFFE) $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.59	96.60	0.02	96.60	96.59	162	5391
Jun	96.29	96.30	0.02	96.29	96.28	66	3220
Sep	-	95.99	0.02	-	-	0	940
Dec	-	95.60	0.04	-	-	0	304

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.42	94.44	-	94.46	94.40	28348	245855
Jun	94.86	94.89	0.01	94.91	94.85	22180	173563
Sep	95.23	95.27	0.01	95.28	95.22	13851	135313
Dec	95.45	95.50	0.03	95.50	95.43	6366	103110

■ **THREE MONTH EUROLIRA INT. RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	92.06	92.05	-0.01	92.10	92.00	4405	48305
Jun	92.53	92.60	0.02	92.62	92.53	2370	29018
Sep	92.97	92.99	0.01	92.99	92.96	558	21831
Dec	93.15	93.21	0.03	93.23	93.15	842	7974

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.20	95.26	0.05	95.27	95.18	8163	32700
Jun	95.50	95.53	0.02	95.63	95.47	1417	13854
Sep	95.61	95.65	0.02	95.66	95.60	272	5375
Dec	95.64	95.66	0.01	95.66	95.64	200	1665

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.00	94.01	-0.01	94.01	93.98	2262	14284
Jun	94.50	94.51	-0.02	94.52	94.48	1045	9823
Sep	94.90	94.90	-0.02	94.92	94.87	210	7695
Dec	95.21	95.21	-0.02	95.21	95.17	145	5127

* LIFFE futures traded on APT

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	96.59	96.60	+0.01	96.61	96.58	38,342	424,436
Jun	96.28	96.29	+0.01	96.30	96.26	25,035	374,201
Sep	95.98	95.99	+0.02	95.99	95.97	15,080	285,189
Dec	95.60	95.59	+0.02	95.61	95.59	6,567	197,907

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	96.86	96.89	+0.02	96.90	96.88	72	25,541
Jun	96.62	96.62	+0.01	96.62	96.62	81	7,799
Sep	96.34	96.34	+0.01	96.34	96.34	35	2,219

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9425	0.22	0.66	1.04	0.03	0.02	0.03
9450	0.07	0.43	0.80	0.13	0.04	0.04
9475	0.02	0.24	0.58	0.33	0.10	0.06

Est. vol. total, Calls 14580 Puts 2243. Previous day's open int. Calls 173804 Puts 114158

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9525	0.11	0.33	0.49	0.10	0.05	0.09
9550	0.03	0.16	0.31	0.27	0.13	0.16
9575	0.01	0.06	0.17	0.50	0.28	0.27

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1149 Puts 2780

UK INTEREST RATES

LONDON MONEY RATES

Jan 18	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	9 - 5	5 5/8 - 5 3/8	5 1/2 - 5 3/8	5 7/16 - 5 5/16	5 3/8 - 5 1/4	5 3/8 - 5 1/4
Sterling CDs	-	-	5 3/8 - 5 5/16	5 11/32 - 5 9/32	5 9/32 - 5 1/4	5 7/32 - 5 3/16
Treasury Bills	-	-	5 3/16 - 5 1/8	5 - 4 15/16	-	-
Bank Bills	-	-	5 3/16 - 5 1/8	5 1/8 - 5 1/16	5 1/32 - 5	-
Local authority deps.	5 9/16 - 5 7/16	5 7/16 - 5 5/16	5 7/16 - 5 5/16	5 7/16 - 5 5/16	5 3/8 - 5 1/4	5 3/8 - 5 1/4
Discount market deps.	8 - 5 1/8	5 7/16 - 5 5/16	-	-	-	-

UK clearing bank base lending rate 5 1/2 per cent from November 23, 1993

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1 3/4	4 1/4	4	3 3/4	3 3/4

Certs of Tax dep. under £100,000 is 2 1/4pc. Deposits withdrawn for cash 1pc.
Ave. tender rate of discount 4.9094pc. ECGD fixed rate Stlg. Export Finance. Make up day December 31, 1993. Agreed rate for period Jan 26, 1994 to Feb 25, 1994, Schemes II & III 6.65pc. Reference rate for period Dec 1, 1993 to Dec 31, 1993, Schemes IV & V 5.375pc. Finance House Base Rate 5 1/2pc from Jan 1, 1994

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.68	94.73	0.05	94.74	94.67	17013	115851
Jun	94.83	94.91	0.08	94.91	94.82	24978	104083
Sep	94.83	94.92	0.09	94.92	94.83	8288	57384
Dec	94.77	94.86	0.08	94.88	94.77	8919	61487

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9450	0.27	0.47	0.54	0.04	0.06	0.12
9475	0.10	0.27	0.36	0.12	0.11	0.19
9500	0.03	0.14	0.22	0.30	0.23	0.30

Est. vol. total, Calls 4777 Puts 2253. Previous day's open int., Calls 138325 Puts 132105

BASE LENDING RATES

Adam & Company	5.5	Duncan Lawrie	5.5	* Roxburghe Bank Ltd is no longer authorised as a banking institution.	8
Allied Trust Bank	5.5	Exeter Bank Limited	6	Royal Bk of Scotland	5.5
AIB Bank	5.5	Financial & Gen Bank	6	•Smith & Williamson Secs	5.5
•Henry Ansbacher	5.5	•Robert Fleming & Co	5.5	Standard Chartered	5.5
Bank of Baroda	5.5	Girobank	5.5	TSB	5.5
Banco Bilbao Vizcaya	5.5	•Guinness Mahon	5.5	•United Bk of Kuwait	5.5
Bank of Cyprus	5.5	Habib Bank AG Zurich	5.5	Unity Trust Bank Plc	5.5
Bank of Ireland	5.5	•Hambros Bank	5.5	Western Trust	5.5
Bank of India	5.5	Heritable & Gen Inv Bk	5.5	Whiteaway Laidlaw	5.5
Bank of Scotland	5.5	•Hill Samuel	5.5	Wimbledon & Sth West	5.5
Barclays Bank	5.5	C. Hoare & Co	5.5	Yorkshire Bank	5.5
Brit Bk of Mid East	5.5	Hongkong & Shanghai	5.5		
•Brown Shipley	5.5	Julian Hodge Bank	5.5	● Members of British Merchant Banking & Securities Houses Association	
CL Bank Nederland	5.5	•Leopold Joseph & Sons	5.5	* In administration	
Citibank NA	5.5	Lloyds Bank	5.5		
City Merchants Bank	5.5	Meghraj Bank Ltd	5.5		
Clydesdale Bank	5.5	Midland Bank	5.5		
The Co-operative Bank	5.5	• Mount Banking	6		
Coutts & Co	5.5	NatWestminster	5.5		
Credit Lyonnais	5.5	•Rea Brothers	5.5		
Cyprus Popular Bank	5.5				

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Jan 18 / Sch)

BELGIUM/LUXEMBOURG (Jan 18 / Frs.)

DENMARK (Jan 18 / Kr)

FINLAND (Jan 18 / Mkk)

FRANCE (Jan 18 / Frs.)

GERMANY (Jan 18 / Dm.)

ITALY (Jan 18 / Lire)

NETHERLANDS (Jan 18 / Fls.)

NORWAY (Jan 18 / Kroner)

SPAIN (Jan 18 / Pts.)

SWEDEN (Jan 18 / Kronor)

SWITZERLAND (Jan 18 / Frs.)

PACIFIC

JAPAN (Jan 18 / Yen)

HONG KONG (Jan 18 / H.K.$)

MALAYSIA (Jan 18 / MYR)

SINGAPORE (Jan 18 / S$)

AUSTRALIA (Jan 18 / Aus$)

NORTH AMERICA

CANADA

TORONTO (Jan 18 / Can $)

4 pm close

MONTREAL (Jan 18 / Can $)

4 pm close

AFRICA

SOUTH AFRICA (Jan 18 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1993. ≠ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Tuesday, January 18, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Sumitomo Mt Mn	11.3m	955	+30	Oki Elec	4.9m	584	+5
Fujitsu	9.7m	887	+2	Nippon Comsys	4.3m	1,290	+20
Hanwa	8.3m	777	+37	Osaka Gas	3.4m	524	+9
NEC	6.6m	955	+22	Tokyo Gas	3.2m	539	-2
Hitachi	4.9m	847	-7	JAL	3.0m	640	+10

INDICES

US INDICES

Dow Jones

Standard and Poors

■ RATIOS

Dow Jones Ind. Div. Yield	2.62	2.65	2.68	3.17
S & P Ind. Div. yield	2.36	2.38	2.38	2.58
S & P Ind. P/E ratio	26.07	27.72	27.21	26.85

■ STANDARD AND POORS 500 INDEX FUTURES

■ NEW YORK ACTIVE STOCKS

■ TRADING ACTIVITY

■ CAC-40 STOCK INDEX FUTURES (MATIF)

4 pm close January 18

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993/94 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chg'ge Prev. Close
15¼	11½	AAR	0.48	3.1	520	769	u15¾	15⅛	15⅝	+⅜
29⅜	12¾	A L Labs A	0.18	1.2	35	420	15⅜	14½	15⅜	+⅞
67¼	54⅝	AMP	1.60	2.5	22	2038	64½	62⅝	64½	+1¾
72¾	55½	AMR			55	2148	70⅜	69½	69⅞	-⅜
4¼	1¾	ARX			16	435	4⅛	4	4⅛	
56⅛	29⅞	ASA	2.00	3.7	35	2305	54⅞	53½	54	-¼
30¾	22⅝	AbbtKL	0.68	2.3	18	13393	30⅛	29½	29¾	
13	8¼	Abitibi Pr	0.50	3.9	8	20	12⅞	12¾	12¾	-⅛
15⅝	8¼	Acpmcath			24	10	13	13	13	-⅛
36	25½	ACE Ltd	0.40	1.4	5	242	29⅜	29⅛	29⅛	-¼
12⅝	10¾	ACM Gvt In	1.06	8.5		341	12⅜	12¼	12⅜	+⅛
10⅛	9⅛	ACM GvOpp x	0.80	8.1		205	9⅞	9¾	9⅞	
10⅝	8¾	ACM Gvt Sp	0.95	9.3		487	10½	10¼	10¼	-⅛
12¾	10½	ACM Gvt Se	1.04	8.8		387	11¾	11⅝	11¾	+⅛
12¼	8⅝	ACM Man	1.08	9.4		402	11½	11⅜	11½	
9⅞	8⅝	ACM Managd x	0.72	7.9		27	9¼	9⅛	9⅛	
12⅞	7¾	AcmeClv	0.44	4.2	13	452	10½	10	10½	+¼
11⅞	6⅞	Acme Elect			35	10	7⅞	7¾	7⅞	-⅛
27⅝	18⅜	Acordia	0.44	1.8	13	14	24⅜	24¼	24¼	
16	10⅞	Acuson			56	669	13	12	12⅞	-⅝
21¾	17⅝	Adams Expr	0.52	2.8	0	122	18⅜	18¼	18⅜	
66¼	45½	Ad Micro	3.00	6.1		208	49¼	48⅞	49¼	+¼
32¾	16¾	AdvMic	3.00	15.4	8	8794	19¾	18⅞	19½	+⅛
8⅛	5½	Advest Grp	0.16	2.4	12	30	6¾	6⅝	6¾	+⅛
34¾	14¼	Advo Inc	0.08	0.4	89	50	19	18¾	18¾	-⅛
58½	41⅛	Aegon ADR	1.23	2.2	12	88	54¾	54⅜	54⅝	-⅜
68¼	43⅞	AetnaL	2.76	4.8	24	3232	57¾	57⅛	57¼	-⅛
34	24¾	Aflac	0.40	1.5	12	1174	27	26½	26⅝	-⅜
22⅛	16¾	Ahmnsn	0.88	4.6	8	2926	19⅝	19⅛	19¼	-⅛
7¾	2½	Aileen Inc			3	189	2⅞	2¾	2¾	+⅛
48½	37½	AirPrC	0.92	1.9	28	1913	47½	46⅝	47⅞	+¼
36½	18⅛	Airbne Frt	0.30	0.9	28	158	35½	35	35¼	-⅛
25½	9⅝	Airgas Inc			48	405	24⅞	24	24¾	+½
16⅛	10½	Airlease	1.84	11.9	11	68	15⅝	15½	15½	-⅛
106½	101	AlaPw8.16	8.16	7.8		3	104	104	104	
107	102½	Alab 8.28C	7.28	7.1		z20	102⅞	102⅞	102⅞	
18	12¼	Alaska Air	0.20	1.3	3	369	16	15⅝	15⅞	-⅛
19⅞	14⅛	Albany Int	0.35	1.9	46	74	18¾	18½	18½	-⅛
28¼	20⅛	AlbCulB	0.26	1.1	16	48	24⅛	23¾	23⅞	
25¾	17	AlCulvr A	0.35	1.2	15	15	21¼	21	21¼	
29¾	23⅜	Albtsn	0.36	1.4	21	4059	26⅛	25⅞	26⅛	+⅛
22⅞	16⅞	AlcnAl	0.30	1.3	35	7862	u23½	22½	23⅜	+⅝
58⅞	35¾	AlcoSt	1.00	1.7	145	270	58½	58¼	58⅝	+⅜
30½	19⅝	AlexBrown	0.60	2.5	5	1790	24½	23¾	23¾	-¾
28⅞	17⅝	AlexAl	1.00	4.8	38	4048	21⅞	19	21	+1½
24¼	17	Allegh Lud	0.48	2.1	23	309	23	23	22⅞	
28½	23½	AllegP	1.84	6.8	13	329	25⅜	25	25	-¼
46	29	Allen Gp	1.75	4.0		11	43½	43½	43½	

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

Continued on next page

4 pm close January 18

NYSE COMPOSITE PRICES

1993/94 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chg'e Prev. Close
Continued from previous page										
29	16⅞	Salag'd Sc			13	418	28⅛	27¾	28	+⅛
24¾	13⅛	SftyK	0.36	2.1	26	1268	17⅝	17⅜	17½	
22¾	10½	Safeway			26	272	20⅞	20¼	20¼	-½
5⅛	2	SafewayW98				25	4¾	4⅝	4⅝	
55½	37½	StJoePaper	0.20	0.4	288	111	55	54⅜	54¾	+½
37⅞	28	StJoeL&P	1.76	6.2	11	4	28⅝	28⅜	28⅛	+⅛
98	75	StPaul	2.80	3.2	41	377	88¾	85⅝	86⅝	+1
11⅞	6⅛	Salant Crp			10	161	8	7⅞	8	
75¾	39⅞	Sallie Mae	1.40	2.9	9	1212	48½	47¾	47⅞	-⅜
14⅝	12⅝	Salomon Br	0.55	4.1		2009	13½	13¼	13⅜	+⅛
51⅞	34	Salomn	0.64	1.4	11	1838	45⅝	45¼	45¼	-¼
27¾	23¾	SnDgGE	1.48	6.1	13	2304	24½	24⅛	24⅛	+⅛
5	3½	SantaFeEDu	0.40	8.2	46	10	4⅞	4⅞	4⅞	
11⅞	8⅞	SantaFeERs	1.40	14.7	316	821	9⅝	9¼	9½	+⅛
40¾	35¾	SantaFePac	2.80	7.1	18	62	39¾	39⅛	39¼	+⅞
26⅛	12¾	SanFeP	0.10	0.4	10	18255	u26¼	25⅞	26⅛	+1⅛
31⅛	21	SaraLee	0.64	2.8	16	16377	24⅜	23	23⅛	-⅞
52⅛	40½	Scardl Corp	2.74	5.7	13	168	48⅜	48	48¼	+⅛
25⅜	19⅜	Scecrp	1.42	7.4	13	7420	19⅜	d19	19¼	-⅛
38⅞	23⅞	SchererRP			30	354	37¼	36⅞	37	+¼
71	51¾	SchrPl	1.80	2.7	18	5724	66⅞	66⅛	66¼	-⅛
68⅞	55⅜	Schlmb	1.20	2.0	23	2465	60⅝	60¼	60¼	
38⅛	16½	Schwab(C)	0.28	0.9	14	4582	30	29⅝	29½	-⅛
7¾	5⅛	Schwitzer			106	79	7⅝	7¼	7⅝	+⅛
38⅞	17¾	SciAtl	0.12	0.3	52	545	35½	34⅜	34⅜	-¾
14⅝	8⅛	Scotsmn	0.10	0.7	18	4	u14⅜	14¼	14¼	-⅛
43½	31	ScottP	0.80	1.8	27	2577	u44	43⅛	43⅜	+⅛
26⅝	14¾	ScuddrNAsF	0.27	1.1		163	25⅝	25¼	25½	+½
11⅛	7½	ScuddrNEuF	0.16	1.5		297	10½	10⅜	10½	+¼
31½	16¾	SeaCnB	0.70	3.9	6	75	18	18	18	

1993/94 High	Low	Stock
19½	14⅝	TNP Enterp
70⅞	52½	TRW
25⅞	5¾	T2 Medcl
38¾	17⅛	Taiwan Fd
9	3⅛	Talleyind
14½	8½	Talley Pf
65	39½	Tmbrds
16⅝	8½	Tandem
60¾	24⅝	Tandy
13½	11¼	Taurus Mun
25⅞	20¼	Teco Energ
27⅞	20⅛	Tktrnx
5	1¼	Telecm
27¾	18½	Teldyn
40½	29½	TeleEspSA
69⅜	44⅜	Telmex
54¾	37¼	Tmplnl
28½	14⅜	TempltEmMk
9⅛	7⅞	TempltGlob
9	7½	TempltGlFd
57¾	39⅛	Tnneco
29½	21¾	Teppco Pts
28⅝	13	Teradyne
11⅞	6⅛	Terex
7⅞	3½	Terra Inds
7¾	3	Tesoro
69½	57⅞	Texaco
53⅞	50½	Texaco C
32½	27¼	Texas Ind
84¼	46⅞	TxInst
20¾	18¾	Texas Pac
49¾	38¾	TxUtil
11⅜	9¾	Text0 Pf

AMEX COMPOSITE PRICES

4 pm close January 18

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Astrotech		53	33	3¾	3¾	3¾	
Atari		7	840	7½	7⅛	7¼	-⅛
AtlasCM B		1	64	⅞	⅜	⅜	-1⁄16
Audiovx A		15	75	16¾	16⅜	16⅝	-⅛
B&H Ocean	0.55	1	20	3⅞	3⅞	3⅞	-1⁄16
BadgerMtr	0.86	34	6	19⅛	19	19	-¼
BaldwnT A	0.04	23	281	5⅛	5⅛	5⅛	-⅛
Barry RG		16	48	15⅞	15¼	15¼	-½
BAT Ind	0.39	14	188	7⅞	7⅛	7¾	
Beard Oil		0	2	⅞	⅞	⅞	
Bergen Br	0.40	22	678	18	17¾	17¾	
Binks Man	0.50	160	2	22½	22½	22½	
Bio-Rad A		18	263	12	10⅞	11¾	+⅞
Blount A	0.50	31	305	u29⅛	28¼	28½	-⅜
Bolar Ph		42	208	6⅝	6⅝	6⅝	
Bow Valley		40	21	9¾	9½	9¾	
Bowmar		69	199	4¼	4⅛	4⅛	
Bowne	0.30	10	193	21⅛	20⅝	20⅞	+¼
Brascan A	1.04	14	93	u13¾	13⅜	13¾	+¾
Cal Engy		17	1344	17¾	17⅜	17⅜	
Calprop		0	39	1	1	1	
Cambrex	0.20	13	3	20½	20½	20½	+¼
Can Marc	0.28	15	21	11	10¾	10⅞	
Chmbrs A	0.01	10	799	5¼	5	5¼	+⅛
Chambers		10	71	5¼	5	5	-⅛

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
DI Inds		13	50	15⁄16	15⁄16	15⁄16	
Dimark		21	216	13¼	12⅝	13	-¼
Ducommun		5	10	3	2	2	
Duplex	0.48	59	101	11⅜	11¼	11¼	-⅛
DWG Corp		18	525	31⅛	30⅝	30⅞	
Eastn Co	0.46	14	70	12⅛	12	12⅛	
Eastgroup	1.72	207	3	20⅝	20⅜	20⅜	+¼
Echo Bay	0.07	65	12086	u15⅛	14¾	15	
Ecol En A	0.28	12	41	15⅝	15⅜	15⅜	
Edisto Rs		5	160	7⅝	d7⅛	7¼	-¼
Elan		21	3115	u47⅞	45½	47⅝	+2⅛
Engy Serv		82	1734	3⅜	3	3	
Epitope		11	115	19¾	19⅝	19⅝	-⅛
Fab Inds	0.64	13	60	35	34⅞	35	-⅛
Fina A	3.20	11	9	67¾	67½	67⅝	-⅛
FstCityBnc	0.20	12	30	11½	11⅜	11⅜	-⅛
Fluke (J)	0.52	64	47	25⅝	25¼	25⅝	+⅛
Forest La		29	694	46⅞	46½	46⅝	+⅛
Frequency		4	3	5¼	5¼	5¼	-⅛
Fr ofLoom		12	2750	32¾	32	32⅝	
Garan	0.80	9	114	32½	32⅛	32½	+⅜
Giant FdA	0.70	16	283	25½	25¼	25⅜	
Glatfltr	0.70	31	1627	18⅞	17⅞	18⅞	+¼
Goldfield		11	166	⅝			

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
InstronCp	0.12	28	51	11⅜	11	11¼	-¼
Int. Coms		4	244	5⅛	5⅜	5⅜	
Intermagn		71	131	14⅜	14¼	14⅜	+⅛
Intermark	0.12	0	159				
InfTelchg		0	380				
Ivax	0.04	30	2399	u30¼	29⅞	30	
Jan Bell		35	215	9⅝	9⅜	9½	
Ketema		21	14	14¼	14	14	-⅛
Kinark Cp		20	10	3⅞	3⅞	3⅞	
Kirby Exp		31	673	21½	21¼	21⅜	
Laberge		12	18	1⅛	1⅞	1⅛	
Laser Ind		25	314	9⅜	9⅛	9¼	+⅛
Lee Pharm		20	24	2	1⅞	1⅞	
Lionel Cp		0	240	⅛	⅛	⅛	
Lumex Inc		12	12	9⅞	9⅝	9⅞	+¼
Lynch Cp		7	12	23¼	23⅛	23⅛	
Mater'lSc		24	645	23⅞	23⅝	23¾	
Maxxam		4	50	39½	39	39½	+½
Media A	0.44	29	222	27½	27	27¼	-¼
Mem Co	0.20	3	75	4⅛	3⅞	4⅛	
Moog A		12	77	8½	8¼	8¼	-⅛
MSR Expl		2	65	⅝	⅝	⅝	
Nat Pnnt		10	117	4⅝	4½	4⅝	
New Line		36	412	u26¼	25⅞	26⅛	+⅛
NY TmA	0.56	85	1683	28½	28⅛	28⅜	+¼

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Ply Gem	0.12	28	133				
PMC	0.95	17	427	u15	14¾	15	+¼
PresidioA	0.10	1	20	1⅞	1⅞	1⅞	
RaganBrad		31	2	29½	29½	29½	-½
RB&W Cp		3	65	6⅝	6⅝	6⅝	
RiedelEnv		4	10	2⅞	2¾	2¾	-⅛
SJW Corp	2.04	12	7	40	39⅞	40	-¼
StrnUnion		29	125	u32⅞	32	32⅝	+⅞
Starl El	0.04	14	504	11½	11⅜	11½	+⅛
TII Ind		24	43	3⅞	3⅞	3⅞	
Tab Prods	0.20	52	3	9⅛	9⅛	9⅛	-⅛
Tel&Data	0.34	59	473	49¾	48¾	48⅞	-⅞
Thermedics		67	771	13⅞	13¼	13½	-¼
Thermolns		36	206	33½	32	33½	+1½
TotPNA	0.20	21	640	13	11¾	12¾	+¼
TownCntry		1	8	3¼	3¼	3¼	
Tubos Mex		16	2848	5⅝	5¼	5¼	-¼
UtdFoodsA		4	5	1⅞	1⅞	1⅞	
UtdFoodsB	0.20	93	10	1⅞	1⅞	1⅞	
UnivPtnts		18	5	6¾	6⅝	6⅝	
US Cellul		240	405	31⅝	31¼	31¼	-¼
Weatherfd		28	622	10⅛	9¾	9¾	-¼
Westamer	0.60	19	13	27½	27⅜	27⅜	+⅛
WIRET	1.12	19	99	12¾	12⅝	12¾	
Worthen	0.20	10	44	21¾	21¼	21¾	+½
Xytronix		7	96	7⅝	7⅝	7⅝	-¼

NASDAQ NATIONAL MARKET

4 pm close January 18

AMERICA

Chrysler results help sustain Dow at record

Wall Street

US stocks stood slightly higher in largely featureless trading yesterday morning, with the market gaining support from stable bond prices and some better-than-expected fourth quarter results, *writes Martin Dickson in New York.*

At lunchtime the Dow Jones Industrial Average stood at 3,878.17, up 7.88, on moderate volume with advancing issues leading declining ones by 1071 to 781.

Analysts said that the market still appeared to hold some potential for forward momentum following Friday's 25 point climb in the Dow to a record high and Monday's further 3.09 advance.

Sentiment was helped yesterday morning by stronger-than-expected results from Chrysler, the car manufacturer, which reported fourth quarter earnings per share of $2.11, compared to forecasts of around $1.60.

Chrysler shares were $1⅛ higher at $62⅞, and the figures bouyed up the rest of the sector, with General Motors up $1 at $61⅞ and Ford $⅝ ahead at $69.

A large number of money centre and super-regional banks also reported, and their figures were generally ahead of expectation and showed a strong improvement in asset quality. However, share prices generally dipped on profit-taking. Citicorp lost $⅛ to $40⅞, Wells Fargo was down $2⅝ at $133⅞, Nationsbank dipped $⅝ to $49¼, and Chemical Banking was off $⅜ at $40⅝. Chase Manhattan rose $⅜ to $35⅞.

Trading was also enlivened by a revised takeover bid for Paramount Communications from Viacom, which slightly raised the cash it is offering for 50.1 per cent of the company and also improved features of the securities it is offering for the remaining 49.9 per cent.

Analysts said the new terms made its bid competitive with the higher offer on the table from QVC Network and was likely to keep the takeover battle alive until the February 1 date set by Paramount for final offers.

Viacom's non-voting B shares, which forms the major part of its package of securities, fell $1⅛ to $38, while QVC's stock dipped $⅛ to $43. Paramount rose $1⅛ to $ 79⅞. Blockbuster Entertainment, which has agreed to be acquired by Viacom as part of the Paramount bid, was up $⅛ at $28⅜.

Eli Lilly rose $1⅞ to $61½ after announcing plans to divest its medical device and diagnostics businesses and take $1.2bn of restructuring and other charges in the fourth quarter.

Controls group Honeywell was up $1⅛ at $32½ after reporting fourth quarter earnings of 85 cents a share, up from 79 cents, while Grumman, the defence group, stood $⅞ higher at $42⅞ after announcing plans to cut operating costs by nearly $600m over the next three years.

Brazilian equities retreated from earlier highs, following Monday's 8.5 per cent advance by the market, and some commentators forecast that further profit-taking was likely after strong gains in the first half of January.

The Bovespa index was up 2.6 per cent at 61,351 just before midday.

Some of Brazil's brokerages and banks had difficulty trading as a result of a power blackout in São Paulo's financial centre.

Canada

Toronto was firm at midday as strong performing bank and forestry issues outpaced declines in golds and consumer products. The TSE 300 composite index gained 8.72 to 4,552.96 at noon in brisk volume of 42.31m shares.

Jordan finds incentive in Middle East peace talks

James Whittington tracks Amman stock market

Some of the richest traders on Jordan's stock exchange see themselves as political analysts rather than market specialists. Which perhaps explains why the Amman Financial Market – with 110 listed companies and a capitalisation of JD3.5bn ($5bn) – often reacts so vigorously to each small step in the Middle East peace process.

An economic pact signed between Jordan and the Palestine Liberation Organisation earlier this month boosted shares by 3.17 per cent in one day. The general price index, which had been languishing at around 158 throughout December, shot up to 170.67 on the day after the agreement was signed, while the value of trade was up to JD10.7m from a JD2m average a month earlier.

Admittedly, the market dropped by around 8 points when the local press pointed out the agreement meant very little in real terms. Within a few days, the self-appointed analysts cashed in their winnings and the price index jolted down to 164, where it has remained. Yesterday the index closed at 164.46.

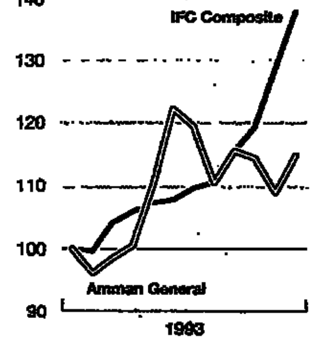
Such knee-jerk trading gives a taste of the year ahead. The bourse will have plenty of politics to chew over as the Middle East peace process creeps slowly forward. And it will continue to attract foreign interest as one of the most profitable and well-developed open markets in the region.

Buoyed by two successive years of strong real economic growth, sustained government commitment to International Monetary Fund reforms, and high liquidity, the market's index rose by 30 per cent in 1992 and was a further 23 per cent up by the end of last year. Market turnover in 1993 was JD968m, and on the basis of earnings, the overall price/earnings ratio was 21.7.

While the government and its agencies hold substantial stakes in many Jordanian companies, notably in tourism and minerals companies, it is nevertheless among the most highly traded markets in the region.

Mr Miles Morland of Blakeney Consultants in London, a specialist on Middle East markets, reckons that at least half of total issued stock is tradeable, which is far higher than the regional average. As important, in Mr Morland's view, is the degree of local participation: he estimates there are around 100,000 players. "It has a broad domestic investor base and is thought of as a natural home for savings," he says.

Indices rebased



Source: Datastream

Such buoyancy is attracting considerable outside interest. Official figures show at least 15 per cent of the market is non-Jordanian, mostly in the hands of Gulf Arabs. Only 2 to 3 per cent is judged to be held by non-Arabs. But this should change as more western investors turn their attention to the Middle East in light of last year's success on other regional emerging markets.

Ten leading institutions, including Lehman Brothers, Goldman Sachs, Baring Securities and Citicorp, recently won approval to trade on the Amman Financial Market and, according to Mr Dan Smaller of Lehman Brothers, the market can expect "substantial" inward investment during 1994.

"The peace process has taken away a big risk. Even if the details of peace take time to negotiate, the breakthrough has removed a big obstacle," he says, adding that he expects Lehman to commit up to $25m to the market during the first quarter of this year.

Non-Arab foreign investors must obtain approval from the prime minister's office in Amman before trading. Local brokers say this takes a matter of weeks, although it has been known to take months because of the kingdom's vague investment law and objections from the previous parliament over foreign ownership of local companies. But this should change in 1994.

Mr Umayya Toukan, the director general of Jordan's bourse, says amendments to the law will explicitly encourage foreign investment in the market and the new parliament will be more favourable to this than its predecessor.

The standard restriction for non-Jordanians is that foreigners are not allowed to own more than 49 per cent of most businesses. But capital and dividends can be easily repatriated as long as foreign currency brought in was declared for original investment.

While relatively high gains can be made on Jordan's desert bourse, it is not for the fainthearted. Not only is there a dearth of information on listed companies, but trading arrangements badly need updating: a new and computerised building is planned to replace the present souk-like trading floor.

EUROPE

Foreigners take profits in Frankfurt

Contrasting stories were seen, *writes Our Markets Staff.*

FRANKFURT continued its downward path as more foreign investors decided the time had come to take profits. The DAX index slid a further 23.54 to 2,113.84. After hours trading saw the Ibis indicative index rise to 2,130.34. Turnover was DM9.1bn.

The weaker currency and bond markets also contributed to the day's gloom as prospects for a rate cut receded.

Porsche dropped DM8 to DM830, in line with the market trend, after the car maker said that it would omit its divided and would see a group loss of up to DM150m in 1993/94, but breaking even in 1994/95.

By contrast Continental, the tyre manufacturer, added DM2.50 to DM257.50 helped by dollar strength.

ZURICH put in another strong performance, the SMI index adding 26.4 to 3,037.5, with chemicals companies providing the impetus.

Roche certificates added SFr115 to SFr6,555 after news that a new anti-aids product had successfully completed its first two trials in the US and was about to begin its third phase of tests. Ciba added SFr17 to SFr725.

Among the insurers, Swiss Re put on SFr6 to SFr696 on the view that Monday's mark down, after news of the Los Angeles earthquake, had been overdone. Winterthur continued to benefit from its link with Commerzbank in the German insurance market. The registered shares put on SFr11 to SFr797.

SMH saw a further rally, after recent losses, the bearers adding SFr8 to SFr218. Ascom, the troubled telecommunications shed SFr5 to SFr1,370 after it confirmed that the 1993 deficit would be greater than 1992's SFr46m loss.

AMSTERDAM improved given good gains in heavyweight stocks such as Unilever, up Fl 3.50 to Fl 227.80, while Hoogovens showed a strong spurt, gaining Fl 2.20 to Fl 56.30, which market sources attributed to a note put out yesterday by Merrill Lynch.

The AEX index gained 2.23 to 425.16.

PARIS closed the day stronger after a choppy day's trading. The CAC-40 index ended 12.57 higher at 2,247.35 in turnover of FFr5.2bn.

Suez was heavily traded, closing down FFr3.70 at FFr345.30, following reports that substantial stakes were being placed. Elf went in the opposite direction, up FFr5 to FFr403.20, on reports that it was to sell stakes in holdings.

MILAN was steady after Monday's strong start to the monthly account and the Comit index rose 2.10 to 617.40.

James Capel commented that the market's immediate response to the calling of the general election had been favourable on hopes for a clearer outlook for government policy. However, the broker did not expect the election to be a major factor driving the market over the next two months, given the difficulty of assessing the likely composition of the new government.

Montedison ran into profit-taking, shedding L7.60 to L954.10, in turnover of 85.5m shares, still high but sharply down from Monday's 155m.

Olivetti eased L12 to L2,254 after reaching an accord with union groups late on Monday and showing share price gains earlier in the session.

STOCKHOLM fell back modestly following the recent forward surge. The Affärsvärlden general index slipped just 0.8 to 1,545.1. Turnover decreased to SKr3.6bn.

Electrolux and Volvo bucked the downward trend with the former's B shares up SKr9 to SKr347 on expectations of an improvement in the white good's market. Volvo B's added SKr2 to SKr685 ahead of today's shareholder's meeting.

MADRID posted a record close as gains in bonds and futures inspired late buying by investment funds and foreign investors that pushed the general index 2.20 higher to [illegible].

The construction and electrical sectors posted some of the biggest rises. Asland rose Pta140 or 6.7 per cent to Pta2,220 while Endesa added Pta110 to Pta7,580. Sarrió, the paper group, surged [illegible] per cent to Pta460.

ISTANBUL tumbled [illegible] per cent on profit-taking following the market's recent high levels. The composite index lost 1,686.26 to 27,907.01, adding to its decline of some 10 per cent over the last three sessions. Turnover was TL5,300bn.

The falls have been exacerbated by last week's downgrading of the country's debt over the worsening budget and trade deficits; but also by worries over the 40 per cent rise in the index since the beginning of the year.

Written and edited by John Pitt and Michael Morgan

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Jan 18 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1476.64	1475.57	1473.67	1471.98	1473.43	1477.55	1477.29	1479.03
FT-SE Eurotrack 200	1558.76	1557.19	1554.88	1553.74	1554.94	1557.99	1557.52	1558.38

	Jan. 17	Jan. 14	Jan. 13	Jan. 12	Jan. 11
FT-SE Eurotrack 100	1474.05	1466.32	1458.82	1475.08	1493.81
FT-SE Eurotrack 200	1552.53	1543.91	1534.54	1547.81	1565.49

Base value 1000 (26/10/90). High/day: 100 - 1479.61; 200 - 1558.95 Low/day: 100 - 1471.85 200 - 1552.36.

ASIA PACIFIC

Nikkei dips as Taiwan tumbles 2.9 per cent

Tokyo

Share prices fluctuated in a narrow range amid arbitrage selling and profit-taking by corporations, and the Nikkei average finally closed lower in spite of buying by foreign investors, *writes Emiko Terazono in Tokyo.*

The 225-issue average finished 210.82, or 1.1 per cent, down at the day's low of 18,514.55. The session's high was 18,810.28. The Topix index of all first section stocks lost 4.52 at 1,511.39, but in London the ISE/Nikkei 50 index added 4.31 at 1,251.07.

After opening firmer, the Nikkei soon lost steam on selling for arbitrage unwinding. The index rebounded in mid-morning trading in line with a stronger futures market, before falling on selling by corporate investors wanting to realise profits ahead of the March book closing.

Losers outnumbered gainers by 583 to 399, with 178 issues unchanged. Volume remained flat, at 280m shares.

Investors remained cautious ahead of the upper house vote on the political reform bill today. Overseas investors, who have supported the recent rally, also scaled back their purchases. But in spite of the Nikkei's decline, traders took comfort in advances in Nippon Telegraph and Telephone and East Japan Railway, both considered important benchmarks for market sentiment.

NTT gained Y6,000 at Y839,000, rising for the 14th consecutive day on a report that the government will invest in next generation telecom networks using optical fibres. JR East climbed Y7,000 to Y483,000 on buying by financial institutions.

Construction companies were weak following the arrest of executives at Ohbayashi due to their alleged involvement in a bribery scandal. Obayashi dropped Y25 to Y618 and Shimizu retreated Y28 to Y815.

Profit-taking depressed high-technology issues. Matsushita Electric Industrial fell Y20 to Y1,560 and Sony Y100 to Y5,830. Automobile shares were also weak. Toyota Motor losing Y30 at Y1,830 and Honda Motor slipping Y10 to Y1,620.

Japan Airlines firmed Y10 to Y640 as investors were encouraged by its restructuring programme, which includes staff cuts through attrition and transfers. All Nippon Airways moved up Y10 to Y1,100. Oki Electric, which also announced a restructuring plan, appreciated Y5 to Y584.

In Osaka, the OSE average dipped 110.86 to 20,601.00 in volume of 45.8m shares.

Roundup

Pacific Rim markets took divergent routes.

TAIWAN finished with a 2.9 per cent fall on a late wave of heavy selling after the market failed to sustain early gains.

The weighted index, which scored an intraday high of 6,179, ended a net 178.50 off at 5,876.43. Turnover was again high, totalling T$98.83bn against Monday's T$105.02bn.

The market remains vulnerable to profit-taking as sentiment has been dampened by the weekend news that authorities had shelved a proposal to raise the $5bn ceiling on foreign investment in the market.

Investors were also worried by growing market talk that the central bank might tighten monetary policy slightly after the Chinese New Year in early February.

HONG KONG moved sharply higher after news of a Sino-US textile accord and on anticipation of strong corporate results, although profit-taking dragged prices off their peaks.

The Hang Seng index closed 224.77, or 2.1 per cent, higher at 11,017.69, but off a late-afternoon peak of 11,218.24.

AUSTRALIA slipped off its early highs to finish lower on the day on profit-taking, leaving the All Ordinaries index 6.1 down at 2,232.1.

SEOUL saw a technical rebound, as blue chip manufacturing issues and shares with low p/e ratios pushed the market up. The composite index rose 9.81 to 873.06.

SINGAPORE closed mixed in tepid trading as the market consolidated last week's sharp volatility. Malaysian shares traded over the counter continued to be weak, still reeling from last week's sell-offs.

The Straits Times Industrial index edged forward 3.37 to 2,280.41.

KUALA LUMPUR recovered from the day's lows to close slightly higher on balance as investors picked up stocks made cheaper by the recent correction. The composite index was finally 6.06 points up at 1,110.22, after touching 1,085.56 in the morning.

BOMBAY finished lower on unsubstantiated rumours of an impending rise in petroleum prices, and continuing settlement problems in the Ahmedabad stock exchange. The BSE 30-share index receded 69.85 to 3,951.02.

NEW ZEALAND continued to move ahead, reassured by the December quarter consumer price index, which proved in line with expectations. The NZSE-40 capital index ended 6.43 higher at 2,248.40.

BANGKOK edged higher as investors consolidated their positions. The SET index put on 2.92 at 1,477.03.

MANILA rose slightly as selling pressure eased and buyers sought shares at the lower prices. The market index added 0.44 at 2,910.97.

SOUTH AFRICA

Shares continued to struggle for direction as foreign interest in the market remained low. The golds index retreated another 4 to 2,090, industrials eased 2 to 5,452 and the overall index declined 13 to 4,852. De Beers fell R1.25 to R107.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	MONDAY JANUARY 17 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY JANUARY 14 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993/94 High	1993/94 Low	Year ago (approx)
Australia (63)	175.18	2.3	174.10	123.00	159.85	167.38	1.4	3.07	171.21	170.12	120.36	155.81	165.06	175.18	118.12	120.09
Austria (17)	189.29	1.2	188.12	132.91	172.74	172.45	1.4	0.92	187.00	185.81	131.46	170.18	170.04	190.78	131.16	131.16
Belgium (42)	160.98	0.1	159.98	113.03	146.91	145.00	0.2	3.97	160.76	159.73	113.01	146.30	144.69	166.01	133.37	133.37
Canada (107)	143.25	1.3	142.36	100.58	130.72	136.90	1.2	2.45	141.44	140.54	99.44	128.72	135.28	143.25	111.41	113.09
Denmark (32)	264.59	0.7	262.96	185.78	241.45	244.55	1.0	0.93	262.68	261.01	184.67	239.06	242.09	264.59	186.70	186.70
Finland (22)	144.03	2.4	143.14	101.13	131.44	171.89	1.6	0.60	140.69	139.79	98.90	128.03	169.16	144.03	65.50	72.68
France (99)	174.01	-1.2	172.94	122.18	158.80	162.53	-1.0	2.88	176.10	174.98	123.80	160.26	164.17	182.15	142.90	146.15
Germany (59)	131.49	-0.4	130.68	92.33	119.99	119.99	-0.1	1.74	132.01	131.17	92.81	120.14	120.14	142.38	103.24	103.24
Hong Kong (56)	444.49	0.3	441.74	312.10	405.63	440.83	0.3	2.47	443.20	440.38	311.57	403.35	439.66	506.56	225.77	235.03
Ireland (14)	203.13	1.5	201.88	142.63	185.37	200.70	1.7	2.83	200.18	198.91	140.73	182.18	197.43	203.13	129.29	140.09
Italy (68)	68.72	2.8	68.30	48.25	62.71	87.53	2.7	1.87	66.84	66.41	46.99	60.83	85.23	78.93	55.21	58.81
Japan (469)	136.91	-0.6	136.07	96.13	124.94	96.13	-0.7	0.85	137.76	136.87	96.84	125.37	96.84	165.91	100.75	100.75
Malaysia (69)	500.59	-3.6	497.50	351.48	456.83	526.81	-3.5	1.38	519.08	515.77	364.92	472.40	545.66	621.63	256.21	256.21
Mexico (18)	2287.54	-2.0	2273.40	1606.19	2087.51	7769.60	-2.0	0.86	2334.73	2319.83	1641.32	2124.75	7931.16	2457.88	1410.30	1650.88
Netherland (26)	200.62	0.4	199.38	140.87	183.08	179.95	0.7	2.95	199.74	198.47	140.42	181.78	178.68	203.59	151.27	161.27
New Zealand (14)	69.11	0.6	68.69	48.53	63.07	65.63	0.4	3.57	68.69	68.25	48.29	62.52	65.37	70.27	40.56	41.51
Norway (23)	190.87	0.6	189.69	134.02	174.18	195.52	0.6	1.30	189.81	188.60	133.44	172.74	194.40	191.41	138.48	143.08
Singapore (45)	339.45	-1.1	337.36	238.35	309.78	251.66	-1.0	1.64	343.13	340.94	241.22	312.28	254.30	378.92	209.97	210.42
South Africa (60)	266.18	-0.4	264.53	186.90	242.90	250.17	0.2	2.26	267.18	265.46	187.82	243.13	249.76	280.26	153.88	156.40
Spain (42)	142.59	-0.1	141.71	100.12	130.12	155.33	-0.4	3.86	142.71	141.79	100.32	129.87	155.98	145.24	116.33	124.04
Sweden (36)	218.41	3.7	217.07	153.36	199.32	262.78	2.8	1.33	210.65	209.31	148.09	191.71	255.55	218.41	143.69	161.12
Switzerland (49)	163.86	0.6	162.86	115.05	149.53	150.40	0.7	1.44	162.81	161.78	114.46	148.17	149.33	166.68	109.14	111.46
United Kingdom (215)	207.84	0.3	206.55	145.93	189.67	206.55	0.3	3.50	207.25	205.93	145.70	188.61	205.93	209.56	162.00	170.11
USA (518)	192.44	-0.4	191.25	135.12	175.61	192.44	-0.4	2.71	193.15	191.92	135.79	175.78	193.15	193.24	176.29	178.68
EUROPE (744)	170.40	0.3	169.35	119.65	155.50	165.74	0.3	2.75	169.93	168.84	119.46	154.64	165.20	172.87	134.16	135.48
Nordic (113)	209.59	2.6	208.29	147.16	191.26	219.75	2.1	1.13	204.28	202.98	143.61	185.91	215.26	209.59	142.13	146.83
Pacific Basin (722)	149.42	-0.5	148.50	104.92	136.36	108.42	-0.6	1.13	150.15	149.19	105.56	136.65	109.10	168.80	105.89	105.89
Euro-Pacific (1466)	158.00	-0.1	157.02	110.94	144.18	130.43	-0.2	1.85	158.23	157.22	111.23	144.00	130.69	162.87	117.87	117.87
North America (625)	189.38	-0.3	188.20	132.97	172.82	188.59	-0.3	2.70	189.94	188.72	133.52	172.85	189.16	190.01	172.67	174.63
Europe Ex. UK (529)	147.34	0.3	146.43	103.45	134.45	141.94	0.3	2.25	146.93	145.99	103.29	133.71	141.45	150.17	114.71	114.71
Pacific Ex. Japan (253)	269.00	0.1	267.35	188.88	245.49	249.32	-0.1	2.43	268.73	267.02	188.92	244.56	249.68	296.21	155.37	156.23
World Ex. US (1651)	160.22	-0.1	159.23	112.50	146.21	133.76	-0.2	1.86	160.44	159.41	112.79	146.01	134.01	162.90	119.10	119.10
World Ex. UK (1954)	166.35	-0.3	165.32	116.80	151.80	146.88	-0.3	2.03	166.82	165.76	117.27	151.82	147.34	168.67	135.23	135.23
World Ex. So. Af. (2109)	169.37	-0.2	168.32	118.92	154.56	151.22	-0.3	2.18	169.75	168.66	119.33	154.48	151.61	170.47	136.24	136.24
World Ex. Japan (1700)	188.95	-0.1	187.79	132.68	172.44	185.53	-0.1	2.66	189.12	187.91	132.95	172.11	185.67	191.28	159.31	159.31
The World Index (2169)	169.96	-0.2	168.91	119.34	155.10	152.02	-0.2	2.18	170.34	169.25	119.75	155.02	152.41	170.77	136.26	136.26

Latest prices were unavailable for this edition.